



CITY OF BUELLTON

CITY COUNCIL AGENDA

**Regular Meeting of December 12, 2013 at 6:00 p.m.
City Council Chambers, 140 West Highway 246
Buellton, California**

Materials related to an item on this agenda, as well as materials submitted to the City Council after distribution of the agenda packet, are available for public inspection in the Office of the City Clerk, located at 107 West Highway 246, during normal business hours.

CALL TO ORDER

Mayor Judith Dale

PLEDGE OF ALLEGIANCE

Council Member Leo Elovitz

ROLL CALL

Council Members Ed Andrisek, Leo Elovitz, Holly Sierra, Vice Mayor John Connolly, and Mayor Judith Dale

REORDERING OF AGENDA

PUBLIC COMMENTS

Speaker Slip to be completed and turned in to the City Clerk prior to commencement of meeting. Limited to matters not otherwise appearing on the agenda. Limited to three (3) minutes per speaker. No action will be taken at this meeting.

CONSENT CALENDAR

(ACTION)

The following items are scheduled for consideration as a group. Any Council Member, the City Attorney, or the City Manager may request that an item be withdrawn from the Consent Agenda to allow for full discussion.

- 1. Minutes of November 14, 2013 Regular City Council Meeting**
- 2. List of Claims to be Approved and Ratified for Payment to Date for Fiscal Year 2013-14**
- 3. Year 2014 Proposed Calendar of City Council Meetings**
- 4. Approval of the 2013 Buellton Sewer System Management Plan (SSMP) Update**
❖ (Staff Contact: Public Works Director Hess)

5. **Growth Mitigation Annual Compliance Report**
❖ *(Staff Contact: Finance Director Galloway-Cooper)*
6. **Resolution No. 13-18 – “A Resolution of the City Council of the City of Buellton, California, Approving Revised Dental and Vision Benefits for all Regular Full-Time Employees and Council Members, Effective February 1, 2014”**
❖ *(Staff Contact: Human Resources Director Reid)*
7. **Award of Contract for the Flying Flags Sewer Line Improvement Project**
❖ *(Staff Contact: Public Works Director Hess)*

PRESENTATIONS

PUBLIC HEARINGS

COUNCIL MEMBER COMMENTS

COUNCIL ITEMS

(ACTION)

8. **Council Reorganization**
 - A. **Election of Mayor**
 - B. **Election of Vice Mayor**
 - C. **Presentation to Outgoing Mayor**
9. **Appointments to Boards, Commissions and Committees**
 - a. **Central Coast Water Authority (CCWA)**
 - b. **Library Advisory Committee**
 - c. **Santa Barbara County Association of Governments (SBCAG)**
 - d. **Air Pollution Control District (APCD)**
 - e. **California Joint Powers Insurance Authority (CJPIA)**
 - f. **League of California Cities (LOCC) – Voting Delegate**
 - g. **Buellton Chamber of Commerce Board of Directors (Ex Officio Member)**
 - h. **Multi-Jurisdictional Solid Waste Task Group**
 - i. **Economic Development Task Force**
 - j. **City/School District Joint Use Committee**
 - k. **Public Visioning Steering Committee**
 - l. **Central Coast Collaborative on Homelessness**

WRITTEN COMMUNICATIONS

Written communications are included in the agenda packets. Any Council Member, the City Manager or City Attorney may request that a written communication be read into the record.

COMMITTEE REPORTS

This Agenda listing is the opportunity for Council Members to give verbal Committee Reports on any meetings recently held for which the Council Members are the City representatives thereto.

BUSINESS ITEMS

(POSSIBLE ACTION)

- 10. Consideration of Approval of Draft Master Plan for Neighborhood Park at the Village**
❖ *(Staff Contact: Recreation Coordinator Abello)*
- 11. Review of Comprehensive Annual Financial Report (CAFR) for June 30, 2013**
❖ *(Staff Contact: Contract Fiscal Consultant Herrera)*
- 12. Quarterly Financial Report – 4th Quarter Ending June 30, 2013**
❖ *(Staff Contact: Contract Fiscal Consultant Herrera)*
- 13. Discussion and Proposed Budget Adjustment for Full-Time Facilities Maintenance Position**
❖ *(Staff Contact: Public Works Director Hess)*

CITY MANAGER’S REPORT

ADJOURNMENT

The next meeting of the City Council will be held on Thursday, January 9, 2014 at 6:00 p.m.

CITY OF BUELLTON

CITY COUNCIL MEETING MINUTES
Regular Meeting of November 14, 2013
City Council Chambers, 140 West Highway 246
Buellton, California

CALL TO ORDER

Mayor Judith Dale called the meeting to order at 6:00 p.m.

PLEDGE OF ALLEGIANCE

Council Member Ed Andrisek led the Pledge of Allegiance

ROLL CALL

Present: Council Members Ed Andrisek, Leo Elovitz, Holly Sierra, Vice Mayor John Connolly, and Mayor Judith Dale

Staff: City Manager Marc Bierdzinski, City Attorney Ralph Hanson, Public Works Director Rose Hess, Recreation Coordinator Abello, Station Commander Lt. Shawn O'Grady, and City Clerk Linda Reid

REORDERING OF AGENDA

None

PUBLIC COMMENTS

Ron Anderson, Buellton, requested that the City Council agendaize and budget for a Sphere of Influence Study next year.

CONSENT CALENDAR

- 1. Minutes of October 24, 2013 Regular City Council Meeting**
- 2. List of Claims to be Approved and Ratified for Payment to Date for Fiscal Year 2013-14**
- 3. Resolution No. 13-17 – “A Resolution of the City Council of the City of Buellton, California, Adopting the 2013 City of Buellton Emergency Management Plan (EMP)”**

4. Approval of Memorandum of Understanding (MOU) with the City of Solvang for Storm Water Reporting

MOTION:

Motion by Council Member Sierra, seconded by Council Member Andrisek, approving the Consent Calendar as listed.

VOTE:

Motion passed by a roll call vote of 5-0.

PRESENTATIONS

None

PUBLIC HEARINGS

None

COUNCIL MEMBER COMMENTS

Council Member Sierra said that on Veterans Day, Deputy Matt Delgado saw her husband's license plate frame indicating he is a U.S. Marine Veteran and he made an effort to personally thank him for his service to our country. Ms. Sierra thanked Deputy Delgado and the Santa Barbara County Sheriff's Department for doing a great job in Buellton.

Council Member Andrisek thanked Vice Mayor Connolly for attending the local Veterans Day celebration.

Mayor Dale thanked Barbara Knecht and the Recreation Department for organizing the Holiday Bazaar.

COUNCIL ITEMS

Council Member Elovitz discussed the new emergency plan and requested additional information regarding emergency training and neighborhood preparedness programs. City Manager Bierdzinski updated the Council on emergency preparedness plans in the City.

Council Member Sierra requested that staff agendaize discussion of an elected Mayor after the New Year.

Council Member Elovitz requested the status of the City's financial reporting. City Manager Bierdzinski provided an update regarding the Finance Department's accomplishments.

WRITTEN COMMUNICATIONS

None

COMMITTEE REPORTS

Council Member Sierra announced that she attended the Buellton Chamber of Commerce Board meeting and provided an oral report regarding the meeting.

Council Member Sierra announced that she attended the Central Coast Collaborative on Homelessness meeting and provided an oral report regarding the meeting.

BUSINESS ITEMS

5. Temporary Use Permit for Amplified Music at Figueroa Mountain Brewing Company

RECOMMENDATION:

That the City Council consider approval of a Temporary Use Permit to allow the use of amplified sound by Figueroa Mountain Brewing Company on Saturday, November 30, 2013, from 11:00 a.m. to 9:00 p.m.

STAFF REPORT:

City Manager Bierdzinski presented the staff report.

DOCUMENTS:

Staff Report with attachment (Temporary Use Permit Application)

SPEAKERS/DISCUSSION:

Lillian Bolton, Buellton, submitted an email in support of the Temporary Use Permit. The letter was distributed to Council Members and made part of the record.

Mark and Jill Cavanaugh, Buellton, submitted an email in support of the Temporary Use Permit. The letter was distributed to Council Members and made part of the record.

Greg Youngman, Buellton, submitted an email in opposition of the Temporary Use Permit. The letter was distributed to Council Members and made part of the record.

Kit Nirenberg, President, Rancho de Maria Board of Directors, submitted a letter in support of the Temporary Use Permit. The letter was distributed to the Council Members and made part of the record.

Jim Diethofer, representing Figueroa Mountain Brewing Company, discussed the event.

Kathy Vreeland, Executive Director of the Buellton Visitors Bureau and Chamber of Commerce, spoke in support of the Temporary Use Permit.

Heather Federlein, Buellton, spoke in support of the Temporary Use Permit and submitted a letter of support from Tammy Bastian.

The City Council discussed the following issues:

- Stopping the outdoor music at 7:30 p.m.
- Support for the Temporary Use Permit and for Figueroa Mountain Brewing Company

MOTION:

Motion by Council Member Andrisek, seconded by Vice Mayor Connolly approving the Temporary Use Permit to allow the use of amplified sound by Figueroa Mountain Brewing Company on Saturday, November 30, 2013, from 11:00 a.m. to 9:00 p.m.

VOTE:

Motion passed by a voice vote of 5-0.

6. Discussion of Economic Development – Goal 8 from Vision Plan

RECOMMENDATION:

That the City Council provide direction on Action Items for economic development and identify the next goal from the Vision Plan to review.

STAFF REPORT:

City Manager Bierdzinski presented the staff report.

DOCUMENTS:

Staff Report with attachment (Summary of Economic Development Objectives and Action Items)

SPEAKERS/DISCUSSION:

Ken Hira, representing Kosmont Companies, displayed a PowerPoint presentation and provided the same handout for the record.

Peggy Brierton, Buellton, requested a moratorium on fast food restaurants in the City. Ms. Brierton requested a dialogue regarding the new allocation of Transient Occupancy Tax received by the Visitors Bureau.

Juan Beltranena, Buellton, spoke about development in Buellton and suggested the Council consider the installation of broadband service throughout the City in order to attract businesses.

The City Council discussed the following issues:

- Attracting retail stores in Buellton
- Buellton becoming a “Recreational Living” community
- Having the Buellton Chamber of Commerce and Visitors Bureau provide a report in early 2014

DIRECTION:

The City Council requested that staff agendize Goal 7 regarding Sustainability in early 2014.

7. Consideration of Approval of Draft Master Plan for Neighborhood Park at the Village

RECOMMENDATION:

That the City Council approve the Draft Master Plan for the Neighborhood Park at the Village with additions and allocate \$56,000 to complete the improvements, and direct staff to investigate an assessment on the commercial properties to help pay for maintenance of the Park.

STAFF REPORT:

Recreation Coordinator Abello presented the staff report.

DOCUMENTS:

Staff Report with attachments (as listed in the staff report)

SPEAKERS/DISCUSSION:

John Franklin, project applicant discussed the proposed Park.

David Foote of Firma Consultants discussed the Draft Master Plan for the Neighborhood Park at the Village.

Peggy Brierton, Buellton, discussed the location of the gazebo and moving it further into the Park area to allow for more hardscape in the front of the Park for Farmer's Market or other events. Ms. Brierton also asked that amenities such as electric outlets, fencing, lighting, and public access be installed.

Kathy Vreeland, Executive Director of the Buellton Visitors Bureau and Chamber of Commerce, stated the Farmer's Market would take place on the street rather than in the Park.

The City Council discussed the following issues:

- Parking
- Adding more hardscape and less lawn on the western portion of the Park, near the road
- Removing the grass area around the gazebo
- Installing a water feature where the gazebo is located and moving the gazebo back towards the lawn area and the playground area closer to the road

DIRECTION:

The City Council agreed by consensus to table this item to allow the Landscape Architect time to revise the Park plan and cost estimate to allow for more hardscape around the gazebo area.

8. Discussion and Possible Changes to Dental/Vision Benefits

RECOMMENDATION:

That the City Council consider whether to continue with the self-funded dental-vision program or switch to Delta Dental and Vision Service Plan (VSP), effective February 1, 2014, and direct staff to bring back a resolution confirming the benefit revisions.

STAFF REPORT:

Human Resources Director Reid presented the staff report.

DOCUMENTS:

Staff Report with attachments (Delta Dental and VSP quotes and benefit summaries)

MOTION:

Motion by Council Member Sierra, seconded by Council Member Elovitz, directing staff to bring back a resolution changing dental and vision benefits for employees and Council Members to Delta Dental and VSP, effective February 1, 2014.

VOTE:

Motion passed by a roll call vote of 5-0.

CITY MANAGER’S REPORT

City Manager Bierdzinski provided an informational report for the record.

ADJOURNMENT

Mayor Dale adjourned the regular meeting at 8:30 p.m. The next regular meeting of the City Council will be held on Thursday, December 12, 2013 at 6:00 p.m.

Judith Dale
Mayor

ATTEST:

Linda Reid
City Clerk

BACK-UP/SUPPORT DATA IS AVAILABLE FOR COUNCIL REVIEW IN CITY HALL

The following is a list of claims to be ratified and approved for payment by the City Council at the **December 12, 2013** Council Meeting.

Listed below is a brief summary of the attached claims:

EXHIBIT A		\$	<u>444,381.77</u>
EXHIBIT B		\$	<u>42,206.85</u>
PAYROLL	11/15/13	\$	33,986.89
Other Pay	11/15/13		1,980.60
Council Pay	11/27/13		2,311.75
PAYROLL	11/27/13	\$	<u>37,691.68</u>
TOTAL AMOUNT OF CLAIMS:		\$	<u><u>562,559.54</u></u>

AUTHORIZATION IS HEREBY GIVEN TO THE CITY TREASURER TO PAY ALL CLAIMS AS REVENUES BECOME AVAILABLE.

Check-Run	Seq#	Date	Vendor Name	Checking # Objs	Discount	Net amount	Status
28739-	580	1 11/15/2013	0 EMILY ABELLO	1	.00	35.00	Logged
28740-	580	2 11/15/2013	0 SOLVANG THEATERFEST	1	.00	120.00	Logged
28741-	580	3 11/15/2013	0 MARK HELGSON	1	.00	45.90	Logged
28742-	580	4 11/15/2013	0 TUNNEL ROOFING CO., INC.	1	.00	60.00	Logged
28743-	580	5 11/15/2013	0 FIGUEROA MOUNTAIN BREWING	1	.00	500.00	Logged
28744-	580	6 11/15/2013	5 ABALONE COAST ANALYTICAL, INC.	1	.00	1,865.20	Logged
28745-	580	7 11/15/2013	16 SCHAFF HOLDINGS, INC. dba	1	.00	171.67	Logged
28746-	580	8 11/15/2013	24 ANGELA PEREZ	1	.00	35.03	Logged
28747-	580	9 11/15/2013	27 AQUA BEN CORPORATION	1	.00	1,866.24	Logged
28748-	580	10 11/15/2013	28 ARAMARK UNIFORM SERVICES	1	.00	370.48	Logged
28749-	580	11 11/15/2013	32 NESTLE WATERS NORTH AMERICA db	3	.00	72.35	Logged
28750-	580	12 11/15/2013	34 ASSOC OF CA WATER AGENCIES	1	.00	4,895.00	Logged
28751-	580	13 11/15/2013	35 ASSOC TRANSPORTATION ENGINEERS	1	.00	412.50	Logged
28752-	580	14 11/15/2013	65 BURKE, WILLIAMS & SORESEN, LL	5	.00	22,321.02	Logged
28753-	580	15 11/15/2013	90 CaIPERS LONG-TERM CARE PROGRAM	1	.00	84.25	Logged
28754-	580	16 11/15/2013	105 CITY OF BUELLTON	1	.00	1,022.82	Logged
28755-	580	17 11/15/2013	107 CITY OF LOMPOC	1	.00	1,666.66	Logged
28756-	580	18 11/15/2013	118 COASTAL COPY, LP	2	.00	371.50	Logged
28757-	580	19 11/15/2013	122 COMCAST CABLE	1	.00	163.86	Logged
28758-	580	20 11/15/2013	142 DANIEL FITZGERALD dba	1	.00	1,060.00	Logged
28759-	580	21 11/15/2013	172 ECHO COMMUNICATIONS	1	.00	57.00	Logged
28760-	580	22 11/15/2013	187 FARM SUPPLY COMPANY	1	.00	40.14	Logged
28761-	580	23 11/15/2013	201 G E CAPITAL	1	.00	150.12	Logged
28762-	580	24 11/15/2013	203 GARY BROWN dba	1	.00	360.00	Logged
28763-	580	25 11/15/2013	213 LEONOR P. RUBALCAVA dba	1	.00	47.00	Logged
28764-	580	26 11/15/2013	227 HINDERLITER, DE LLAMAS & ASSOC	1	.00	917.73	Logged
28765-	580	27 11/15/2013	237 IRON MOUNTAIN	1	.00	41.74	Logged
28766-	580	28 11/15/2013	255 JOE MEEHAN	1	.00	100.00	Logged
28767-	580	29 11/15/2013	273 KURT GREER	1	.00	190.00	Logged
28768-	580	30 11/15/2013	280 LEE CENTRAL COAST NEWSPAPERS	1	.00	655.20	Logged
28769-	580	31 11/15/2013	285 SANTA MARIA TIMES dba	1	.00	295.59	Logged
28770-	580	32 11/15/2013	290 LINDA REID	1	.00	1,020.00	Logged
28771-	580	33 11/15/2013	342 NIELSEN BUILDING MATERIALS, INC	1	.00	7.72	Logged
28772-	580	34 11/15/2013	352 P G & E	1	.00	31,725.03	Logged
28773-	580	35 11/15/2013	369 ROBERT COBB	1	.00	340.00	Logged
28774-	580	36 11/15/2013	372 PETTY CASH	1	.00	48.00	Logged
28775-	580	37 11/15/2013	379 POSTMASTER	1	.00	268.00	Logged
28776-	580	38 11/15/2013	379 POSTMASTER	1	.00	550.00	Logged
28777-	580	39 11/15/2013	382 PROCARE JANITORIAL SUPPLY, INC	1	.00	577.00	Logged
28778-	580	40 11/15/2013	387 ALBERTSONS, LLC.	1	.00	83.94	Logged
28779-	580	41 11/15/2013	390 QUINN COMPANY	1	.00	506.28	Logged
28780-	580	42 11/15/2013	391 QUALITY CODE PUBLISHING, LLC	1	.00	1,967.72	Logged
28781-	580	43 11/15/2013	405 RINCON CONSULTANTS, INC.	1	.00	7,941.90	Logged
28782-	580	44 11/15/2013	426 SAN LUIS PAPER CO.	1	.00	156.96	Logged
28783-	580	45 11/15/2013	438 SANTA YNEZ VALLEY HARDWARE	1	.00	114.32	Logged
28784-	580	46 11/15/2013	439 SANTA YNEZ VALLEY NEWS	1	.00	21.00	Logged
28785-	580	47 11/15/2013	450 SB CO SHERIFF'S DEPARTMENT	2	.00	140,950.65	Logged
28786-	580	48 11/15/2013	465 SP MAINTENANCE SERVICES, INC.	1	.00	2,821.00	Logged
28787-	580	49 11/15/2013	469 STAPLES CONTRACT & COMMERCIAL,	1	.00	421.50	Logged
28788-	580	50 11/15/2013	473 SPRINT SPECTRUM, L.P. dba	1	.00	40.54	Logged
28789-	580	51 11/15/2013	482 SWRCB	1	.00	230.00	Logged
28790-	580	52 11/15/2013	507 THE GAS COMPANY	2	.00	59.77	Logged
28791-	580	53 11/15/2013	509 ALAN NEEDHAM dba	1	.00	268.90	Logged

Check-Run	Seq#	Date	Vendor Name	Checking # Obls	Discount	Net amount	Status
28792-	580	54 11/15/2013	521 TODD PIPE & SUPPLY	1	.00	1,047.94	Logged
28793-	580	55 11/15/2013	535 UNDERGROUND SERVICE ALERT	1	.00	4.50	Logged
28794-	580	56 11/15/2013	555 VERIZON CALIFORNIA	1	.00	2,295.97	Logged
28795-	580	57 11/15/2013	649 FLUID RESOURCE MANAGEMENT, INC	1	.00	1,539.32	Logged
28796-	580	58 11/15/2013	655 COAST NETWORKX, INC.	3	.00	2,331.50	Logged
28797-	580	59 11/15/2013	668 ONE STOP AUTO PARTS	1	.00	193.55	Logged
28798-	580	60 11/15/2013	679 COURIER SYSTEMS	1	.00	124.20	Logged
28799-	580	61 11/15/2013	700 MAILFINANCE, INC.	1	.00	1,509.54	Logged
28800-	580	62 11/15/2013	713 COASTAL COPY, LP	1	.00	484.92	Logged
28801-	580	63 11/15/2013	744 GE CAPITAL INFO TECH SOLUTIONS	1	.00	1,094.50	Logged
28802-	580	64 11/15/2013	759 JJACPA, INC.	1	.00	4,360.00	Logged
28803-	580	65 11/15/2013	765 VICTOR RODRIGUEZ dba	5	.00	325.00	Logged
28804-	580	66 11/15/2013	768 WEX BANK	1	.00	1,729.56	Logged
28805-	580	67 11/15/2013	777 UNITED STORM WATER, INC.	1	.00	4,964.00	Logged
28806-	580	68 11/15/2013	797 ESLY O. GUZMAN HERRERA dba	1	.00	259.20	Logged
28807-	580	69 11/15/2013	802 GOVERNMENT STAFFING SERVICES,	2	.00	9,958.75	Logged
28808-	580	70 11/15/2013	813 HOME DEPOT CREDIT SERVICES	1	.00	214.92	Logged
28809-	580	71 11/15/2013	816 DeVAULT ELECTRIC PRODUCTS, INC	1	.00	396.15	Logged
28810-	581	1 11/18/2013	0 MARK CONNOLLY	1	.00	6,677.46	Logged
28811-	581	2 11/18/2013	101 CITY OF SOLVANG	1	.00	17,748.00	Logged
28812-	581	3 11/18/2013	121 COC/BBA/VISITORS INFORMATION	1	.00	26,977.13	Logged
28813-	582	1 11/26/2013	0 ATTERDAG VILLAGE OF SOLVANG	1	.00	1,224.30	Logged
28814-	582	2 11/26/2013	0 SYV BOTANIC GARDEN FOUNDATION	1	.00	75.00	Logged
28815-	582	3 11/26/2013	0 CHRIS WARD	1	.00	24.72	Logged
28816-	582	4 11/26/2013	0 HENRY ALVARADO	1	.00	55.07	Logged
28817-	582	5 11/26/2013	65 BURKE, WILLIAMS & SORENSEN, LL	4	.00	10,383.63	Logged
28818-	582	6 11/26/2013	90 CaIPERS LONG-TERM CARE PROGRAM	1	.00	84.25	Logged
28819-	582	7 11/26/2013	95 JOHN BARNETTE dba	1	.00	175.55	Logged
28820-	582	8 11/26/2013	107 CITY OF LOMPOC	1	.00	1,666.66	Logged
28821-	582	9 11/26/2013	119 CRAIG ADAMS	1	.00	50.00	Logged
28822-	582	10 11/26/2013	150 STATE BOARD OF EQUALIZATION	1	.00	222.88	Logged
28823-	582	11 11/26/2013	191 FERGUSON ENTERPRISES, INC #135	1	.00	255.23	Logged
28824-	582	12 11/26/2013	199 FOSTER D. REIF	1	.00	50.00	Logged
28825-	582	13 11/26/2013	208 GOVT FINANCE OFFICERS ASSOC	1	.00	160.00	Logged
28826-	582	14 11/26/2013	210 GRANITE CONSTRUCTION COMPANY	1	.00	141.98	Logged
28827-	582	15 11/26/2013	223 HDL COREN & CONE	1	.00	1,750.00	Logged
28828-	582	16 11/26/2013	242 JASON L. FUSSEL	1	.00	50.00	Logged
28829-	582	17 11/26/2013	248 JCI JONES CHEMICALS, INC.	2	.00	3,626.30	Logged
28830-	582	18 11/26/2013	255 JOE MEEHAN	1	.00	90.00	Logged
28831-	582	19 11/26/2013	285 SANTA MARIA TIMES dba	1	.00	358.14	Logged
28832-	582	20 11/26/2013	303 ART MERCADO	1	.00	50.00	Logged
28833-	582	21 11/26/2013	329 MICHAEL SINAY dba	4	.00	400.00	Logged
28834-	582	22 11/26/2013	350 OLIVERA'S REPAIR, INC	1	.00	428.85	Logged
28835-	582	23 11/26/2013	365 PEOPLE HELPING PEOPLE	1	.00	2,190.18	Logged
28836-	582	24 11/26/2013	372 PETTY CASH	1	.00	199.46	Logged
28837-	582	25 11/26/2013	372 PETTY CASH	1	.00	30.00	Logged
28838-	582	26 11/26/2013	395 JOSE RAFAEL RUIZ dba	2	.00	3,755.00	Logged
28839-	582	27 11/26/2013	413 SUSAN CAMPBELL dba	1	.00	482.71	Logged
28840-	582	28 11/26/2013	429 SAFETY-KLEEN CORP.	1	.00	311.17	Logged
28841-	582	29 11/26/2013	450 SB CO SHERIFF'S DEPARTMENT	2	.00	3,965.63	Logged
28842-	582	30 11/26/2013	454 SCOR CARDIAC CYCLISTS CLUB, IN	1	.00	1,476.69	Logged
28843-	582	31 11/26/2013	469 STAPLES CONTRACT & COMMERCIAL,	2	.00	424.61	Logged
28844-	582	32 11/26/2013	481 SWRCB	3	.00	17,877.00	Logged

Run date: 12/03/2013 @ 10:00
 Bus date: 12/03/2013

City of Buellton
 Check Summary Report

Check-Run	Seq#	Date	Vendor Name	Checking # Objs	Discount	Net amount	Status
28845-	582	33 11/26/2013	486 STEVE HARPER dba	1	.00	1,585.00	Logged
28846-	582	34 11/26/2013	529 TRANSFIRST HEALTH & GOVERNMENT	1	.00	396.62	Logged
28847-	582	35 11/26/2013	532 TRIKKE TECH, INC.	1	.00	53.65	Logged
28848-	582	36 11/26/2013	556 VERIZON WIRELESS	1	.00	409.62	Logged
28849-	582	37 11/26/2013	598 ENGEL & GRAY, INC.	2	.00	6,952.31	Logged
28850-	582	38 11/26/2013	655 COAST NETWORKX, INC.	1	.00	332.50	Logged
28851-	582	39 11/26/2013	669 HYDREX PEST CONTROL	1	.00	105.00	Logged
28852-	582	40 11/26/2013	677 WALLACE GROUP	2	.00	23,175.58	Logged
28853-	582	41 11/26/2013	679 COURIER SYSTEMS	1	.00	137.70	Logged
28854-	582	42 11/26/2013	761 JOHN R. CONNOLLY	1	.00	438.49	Logged
28855-	582	43 11/26/2013	782 WAGE WORKS -	1	.00	98.00	Logged
28856-	582	44 11/26/2013	787 LISA FIGUEROA	1	.00	50.00	Logged
28857-	582	45 11/26/2013	802 GOVERNMENT STAFFING SERVICES,	2	.00	9,483.75	Logged
28858-	582	46 11/26/2013	804 ANIMAL & INSECT PEST MANAGEMEN	2	.00	299.00	Logged
28859-	582	47 11/26/2013	812 KOSMONT & ASSOCIATES, INC. dba	1	.00	877.50	Logged
28860-	582	48 11/26/2013	817 TIM TURNER dba	1	.00	29,640.00	Logged
28861-	582	49 11/26/2013	818 ANACAPA TERMIT & PEST CONTROL,	1	.00	1,880.00	Logged
28862-	582	50 11/26/2013	11105 ADRIENNE WALTER	1	.00	36.00	Logged
28863-	582	51 11/26/2013	11170 DONELLE MARTIN	1	.00	450.00	Logged
28864-	582	52 11/26/2013	11236 GARY GENE JOHNSON dba	1	.00	366.00	Logged
28865-	582	53 11/26/2013	11244 HERMILA SANCHEZ	1	.00	280.00	Logged
28866-	582	54 11/26/2013	11300 KAREN PALMER	1	.00	35.00	Logged
28867-	582	55 11/26/2013	11304 KEITH MARSHALL	1	.00	32.20	Logged
28868-	582	56 11/26/2013	11307 BETH KIMBERLY HARRIES	1	.00	80.50	Logged
28869-	582	57 11/26/2013	11321 LAURA COGAN	1	.00	105.00	Logged
28870-	582	58 11/26/2013	11336 LAURA GARCIA dba	1	.00	154.00	Logged
28871-	582	59 11/26/2013	11343 MARIANNE MADSEN	1	.00	270.00	Logged
28872-	582	60 11/26/2013	11476 STEPHEN F. DUNLAP	1	.00	273.00	Logged
					.00		
** Total check discount **					.00		
** Total check amount **					444,381.77		
** Total void discount **					.00		
** Total void amount **					.00		

Payments via Electronic Fund Transfer (EFT):

Retirement Contribution	11/7/13	18,717.48
Nov Life Ins Premiums	11/8/13	434.04
Payroll Taxes - Staff	11/21/13	9,391.79
Payroll Taxes - Other	11/21/13	302.04
FSA-Council	11/27/13	100.00
FSA-Staff (Month)	11/27/13	1,481.26
Hasler Postage Mtr Refill	11/29/13	800.00
Payroll Taxes - Council	11/29/13	120.29
Payroll Taxes - Staff	11/29/13	10,335.91
Nov Bank Svc Charges	11/29/13	90.00
Dec Life Ins Premiums	12/2/13	434.04
Total		<hr/> \$ 42,206.85



City of Buellton

January 1, 2014

PUBLIC NOTICE OF 2014 SCHEDULE OF CITY COUNCIL MEETINGS

Regular City Council Meetings are held on the second and fourth Thursdays of each month at 6:00 p.m. in the Council Chambers located at 140 West Highway 246.

January 9	July 10
January 23	July 24
February 13	August 14
February 27	August 28
March 13	September 11
March 27	September 25
April 10	October 9
April 24	October 23
May 8	November 13
May 22	November 25 (Tuesday)*
June 12	December 11
June 26	December 25 (Cancelled)*

Dates listed with * indicate a Special Meeting date or cancellation of a meeting to accommodate holidays, conferences, or other regular meeting dates where a majority of Council/Agency Members may be unable to attend.

Linda Reid
City Clerk

CITY OF BUELLTON
City Council Agenda Staff Report

City Manager Review: MPB
Council Agenda Item No.: 4

To: The Honorable Mayor and City Council

From: Rose Hess, Public Works Director

Meeting Date: December 12, 2013

Subject: Approval of the 2013 Buellton Sewer System Management Plan (SSMP) Update

BACKGROUND

On April 22, 2010, the City approved the Buellton Sewer System Management Plan. This plan is required from all public agencies that own or operate a public wastewater collection system that is comprised of more than one-mile of pipes which conveys wastewater to a publicly owned treatment facility. This was mandated by the State Water Resources Control Board (SWRCB) Water Quality Order No. 2006-0003-DWQ on May 2, 2006 and amended by Order No. WQ 2008-0002-EXEC on February 20, 2008 to provide a consistent, statewide regulatory approach to address sanitary sewer overflows (SSO).

To review, the City is required to develop and implement a Sewer System Management Plan (SSMP), which documents the City's program to properly operate and maintain its sanitary sewer system. The SSMP addresses 11 elements:

1. Goals
2. Organization
3. Legal Authority
4. Operation and Maintenance
5. Design and Performance Standards
6. Overflow Emergency Response Plan
7. Fats, oils & Grease Control Program
8. System Evaluation and Capacity Assurance Plan
9. Monitoring, Measurement and Program Modifications
10. Sewer System Management Plan Program Audits
11. Communication Program

The update to the plan includes a more detailed and comprehensive management plan and implementation strategy. It includes emergency contact information, reporting requirements and maintenance plans.

The Draft 2013 SSMP (updated) is available for review on the City's webpage at www.cityofbuellton.com/public-works.asp

FISCAL IMPACT

Approval of the SSMP will not cause any fiscal impact. Implementation of the SSMP will be appropriated annually during the budget process.

RECOMMENDATION

That the City Council approve the 2013 Sewer System Management Plan (SSMP) and authorize staff to file the document and complete the certification forms required by the State Water Resources Control Board.

CITY OF BUELLTON
City Council Agenda Staff Report

City Manager Review: MPB
Council Agenda Item No.: 5

To: The Honorable Mayor and City Council

From: Carolyn Galloway-Cooper, Finance Director

Meeting Date: December 12, 2013

Subject: Growth Mitigation Annual Compliance Report

BACKGROUND

As required by Government Code Section 66000 et seq., staff is reporting the accounting, compliance and reconciliation of Growth Mitigation fees for 2012-13. All changes to the Mitigation Fee Program are handled separately from the report and are subject to public hearing requirements. Staff is not requesting that City Council adopt new development fees.

Government Code Section 66000 et seq. established the criteria by which municipal governments may charge developments for the future cost of providing services to new residents. The philosophy is that all residents of a community deserve the same level of service. As residents are added to a community, the increased cost incurred by the municipal government to provide the same level of service to the community should be borne by the development.

The purpose of the City's growth mitigation fee program is to finance the design, construction, and acquisition of facilities and equipment to maintain the City's level of service.

Once collected, growth mitigation fees are segregated and placed in special funds that earn interest and are held for the facilities and equipment for which the fees are collected. There were no growth mitigation fees collected in fiscal year 2012-13 and no interest earnings. Fees collected in prior years were expended as of this fiscal year and identified as negative amounts (in brackets). Special funds will be set up in fiscal year 2013-14 for all future growth mitigation fees.

Pursuant to Government Code 66006(b) (1) local agencies shall, within 180 days after the last day of each fiscal year make available to the public the following information for the fiscal year:

- A) A brief description of the type of fee in the account fund;
- B) The amount of the fee (in effect on June 30, 2013);
- C) The beginning and ending balance of the account or fund;

- D) The amount of the collected fee and interest earned;
- E) An identification of each public improvement on which the fees were expended and the amount of the expenditures on each improvement, including the total percentage of the cost of the public improvement that were funded with fees;
- F) An identification of an approximate date by which the construction of the public improvement will commence if the local agency determines that sufficient funds have been collected to complete financing on an incomplete public improvement, as identified in Paragraph (2) of Subdivision (a) Section 66001, and the public improvement remains incomplete;
- G) A description of each interfund transfer or loan made from the account or fund, including the public improvement on which the transferred or loaned fees will be expended, and, in the case of an interfund loan, the date on which the loan will be repaid and the rate of interest that the account or fund will receive on the loan; and
- H) The amount of refunds made pursuant to Subdivision (e) Section 66001 and any allocation pursuant to Subdivision (f) of Section 66001.

To comply with Government Code Section 66006, staff has prepared a report disclosing the above outlined information (Attachment 1). State legislation requires that the City:

- A) Identify an approximate date for starting construction on a public improvement within 180 days of determining that sufficient funds have been collected to complete the financing of the improvement; and
- B) Annually update its capital improvement plan pertaining to improvements financed by developer fees.

FISCAL IMPACT

None

RECOMMENDATION

That the City Council receives, review, and file this Growth Mitigation Annual Compliance report.

ATTACHMENT

Attachment 1 - Mitigation Fee Analysis

ANNUAL
COMPLIANCE REPORT FOR TRAFFIC GROWTH MITIGATION FEES
FISCAL YEAR ENDING JUNE 30, 2013

A) A brief description of the type of fee in the account or fund.

Traffic Improvement fee - To provide for transportation improvements to accommodate traffic generated by future development within the City and its sphere of influence annexation areas.

B) The amount of the fee.

Single family	\$466.00 per unit
Multiple family	278.00
Senior/affordable	105.00
Commercial/Industrial	See note

Note: Commercial and Industrial traffic fees shall be based on land use categories

C) The beginning and ending balance of the account or fund

D) The amount of the fees collected and the interest earned.

Beginning June 30, 2012		(\$157,719.75)
Plus		
	Fees Collected	-0-
	Interest	-0-
	Reimbursements	
Less		
	Project Costs	-0-
	Refunds	
Ending June 30, 2013		<u>(\$157,719.75)</u>

E) An identification of each public improvement on which fees were expended and the amount of the expenditures on each improvement including the total percentage of the cost of the public improvement that was funded with the fees.

None

- F) An identification of the approximate date by which the construction of the public improvement will commence if the local agency determines that sufficient funds have been collected to complete financing on an incomplete public improvement, as identified in paragraph (2) of subdivision (a) of Section 66001, and the public improvement remains incomplete.**

Significant funds have not been collected.

- G) A description of each interfund transfer or loan made from the account or fund, including the public improvement on which the transferred or loaned fees will be expended, and, in the case of an interfund loan the date on which the loan will be repaid and the rate of interest that the account or fund will receive on the loan.**

No interfund transfer or loans utilizing these funds were made during the fiscal year.

- H) The amount of refunds made pursuant to subdivision (e) Section 66001 and any allocation pursuant to subdivision (f) of Section 66001.**

No refunds were made during the fiscal year.

**ANNUAL
COMPLIANCE REPORT FOR WASTEWATER GROWTH MITIGATION FEES
FISCAL YEAR ENDING JUNE 30, 2013**

A) A brief description of the type of fee in the account or fund.

Wastewater - To provide funding for the construction of wastewater treatment plant improvements and expansions, wastewater interceptors and other closely related projects.

B) The amount of the fee.

Single family	\$ 2,640 basic connection
Multiple family	\$ 2,420 per unit
Commercial/Industrial	See note

Note: Commercial and Industrial fees are based on square footage and flow rates

C) The beginning and ending balance of the account or fund

D) The amount of the fees collected and the interest earned.

Beginning July 1, 2012	(\$824,993.00)
Plus	
Fees Collected	.00
Interest	.00
Transfers	
Less	
Project Costs	31,139.00
Refunds	
Ending June 30, 2013	<u>(\$856,132.00)</u>

E) An identification of each public improvement on which fees were expended and the amount of the expenditures on each improvement including the total percentage of the cost of the public improvement that was funded with the fees.

Headworks Improvement Design	<u>\$31,139.00</u>
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- F) An identification of the approximate date by which the construction of the public improvement will commence if the local agency determines that sufficient funds have been collected to complete financing on an incomplete public improvement, as identified in paragraph (2) of subdivision (a) of Section 66001, and the public improvement remains incomplete.**

Not applicable.

- G) A description of each interfund transfer or loan made from the account or fund, including the public improvement on which the transferred or loaned fees will be expended, and, in the case of an interfund loan the date on which the loan will be repaid and the rate of interest that the account or fund will receive on the loan.**

No interfund transfer or loans utilizing these funds were made during the fiscal year.

- H) The amount of refunds made pursuant to subdivision (e) Section 66001 and any allocation pursuant to subdivision (f) of Section 66001.**

No refunds were made during the fiscal year.

**ANNUAL
COMPLIANCE REPORT FOR WATER GROWTH MITIGATION FEES
FISCAL YEAR ENDING JUNE 30, 2013**

A) A brief description of the type of fee in the account or fund.

Water - To provide funding for the construction of facilities to ensure a continuing supply of potable water or purchase of State water entitlements.

B) The amount of the fee.

Single family	\$ 3,640 per unit
Multiple family	“
Senior/affordable	“
Commercial/Industrial	See note

Note: Commercial and Industrial fees are based on anticipated acre foot of water use.

C) The beginning and ending balance of the account or fund

D) The amount of the fees collected and the interest earned.

Beginning July 1, 2012	(\$212,936.13)
Plus	
Fees Collected	-0-
Interest	-0-
Transfers	
Less	
Project Costs	69,890.00
Refunds	
Ending June 30, 2013	<u>(\$282,826.13)</u>

E) An identification of each public improvement on which fees were expended and the amount of the expenditures on each improvement including the total percentage of the cost of the public improvement that was funded with the fees.

Reservoir Roof design	\$ 3,225.00
246 WTP Filter Media	35,000.00
Well #9 – Rehabilitation	<u>31,665.00</u>
	<u>\$69,890.00</u>

- F) An identification of the approximate date by which the construction of the public improvement will commence if the local agency determines that sufficient funds have been collected to complete financing on an incomplete public improvement, as identified in paragraph (2) of subdivision (a) of Section 66001, and the public improvement remains incomplete.**

Not applicable.

- G) A description of each interfund transfer or loan made from the account or fund, including the public improvement on which the transferred or loaned fees will be expended, and, in the case of an interfund loan the date on which the loan will be repaid and the rate of interest that the account or fund will receive on the loan.**

No interfund transfer or loans utilizing these funds were made during the fiscal year.

- H) The amount of refunds made pursuant to subdivision (e) Section 66001 and any allocation pursuant to subdivision (f) of Section 66001.**

No refunds were made during the fiscal year.

CITY OF BUELLTON
City Council Agenda Staff Report

City Manager Review: MPB
Council Agenda Item No.: 6

To: The Honorable Mayor and City Council

From: Linda Reid, Human Resources Director

Meeting Date: December 12, 2013

Subject: Resolution No. 13-18 – “A Resolution of the City Council of the City of Buellton, California, Approving Revised Dental and Vision Benefits for all Regular Full-Time Employees and Council Members, Effective February 1, 2014”

BACKGROUND

On November 14, 2013, the City Council directed staff to revise the dental and vision benefits for all regular full-time employees and Council Members. Staff has contracted with the Association of California Water Agencies/Joint Powers Insurance Authority (ACWA/JPIA) for Delta Dental and Vision Service Plan (VSP) that will become effective February 1, 2014. ACWA/JPIA was unable to complete enrollment by January 1, 2014, so the prior self-funded dental and vision insurance will remain in effect until January 31, 2014.

Section 14.1 of the City’s Personnel Rules requires that any changes to employee health benefits regarding scope of coverage and payment of premiums be set by resolution. Accordingly, staff has attached Resolution No. 13-18, which defines the changes to dental and vision benefits beginning February 1, 2014.

FISCAL IMPACT

The fiscal impact would be an annual premium decrease of approximately \$39,831, based on the average spent the prior two years. If employees and Council Members were to use their entire self-funded benefit allocation, the annual premium decrease would be \$51,331.

RECOMMENDATION

That the City Council approve and adopt Resolution No. 13-18 – “A Resolution of the City Council of the City of Buellton, California, Approving Revised Dental and Vision Benefits for all Regular Full-Time Employees and Council Members, Effective February 1, 2014”

ATTACHMENT

Resolution No. 13-18

RESOLUTION NO. 13-18

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BUELLTON, CALIFORNIA, APPROVING REVISED DENTAL AND VISION BENEFITS FOR ALL REGULAR FULL-TIME EMPLOYEES AND COUNCIL MEMBERS, EFFECTIVE FEBRUARY 1, 2014

WHEREAS, Section 14.1 of the City of Buellton's Personnel Rules require that any revision to employee health benefits shall be set by resolution of the City Council; and

WHEREAS, at the City Council meeting of November 14, 2013, the City Council reviewed and approved changing dental and vision coverage from the current self-funded plan to the Association of California Water Agencies/Joint Powers Insurance Authority (ACWA/JPIA) for Delta Dental and Vision Service Plan (VSP); and

WHEREAS, the current self-funded dental and vision coverage shall stay in effect until January 31, 2014. The new Delta Dental and VSP coverage will take effect February 1, 2014 for all regular full-time employees and Council Members.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF BUELLTON DOES RESOLVE, DETERMINE, FIND, AND ORDER AS FOLLOWS:

SECTION 1. The City Council hereby finds that the above recitations are true and correct and accordingly, are incorporated as a material part of this Resolution.

SECTION 2. The City Council hereby directs staff to contract with ACWA/JPIA for Delta Dental and VSP coverage for all regular full-time employees, effective, February 1, 2014.

SECTION 3. The fiscal saving will be reflected in the mid-year budget review.

SECTION 4. The City Clerk shall certify to the adoption of this Resolution.

PASSED, APPROVED and ADOPTED this 12th day of December, 2013.

Judith Dale
Mayor

ATTEST:

Linda Reid
City Clerk

CITY OF BUELLTON
City Council Agenda Staff Report

City Manager Review: MPB
Council Agenda Item No.: 7

To: The Honorable Mayor and City Council

From: Rose Hess, Public Works Director

Meeting Date: December 12, 2013

Subject: Award of Contract for the Flying Flags Sewer Line Improvement Project

BACKGROUND

The City of Buellton has identified a 100' section of public sewer line in need of replacement due to tuberculation. The line is an old cast iron pipe, which original diameter was 10" and has reduced over the years to 4". This section of pipeline is located adjacent to the north-east corner of the Flying Flags RV Park. (See Attachment A).

The project scope includes the removal of the 10" cast iron pipe and replacement with 10" pvc pipe, installation of a new manhole, raising of existing manholes, closed circuit television of new sewer lines and adjacent laterals, and miscellaneous appurtenant work.

In November, the project was publicly noticed to bid. On November 19, 2013, staff received and opened 5 bids as follows:

<u>Company</u>	<u>Bid Amount</u>
Pacific Coast Excavation, Inc.	\$76,904.00
DKAL Engineering	\$77,631.75
John Madonna Construction	\$78,667.70
Tierra Contracting, Inc.	\$92,807.50
Shock Contracting	\$266,746.20

The Engineer's Estimate is \$75,000.

All bid amounts were reviewed. The apparent low bidder, Pacific Coast Excavation was deemed non-responsive as the firm did not meet Section A2.11- "Each bidder shall also have no less than five-year's experience in the magnitude and character of the work bid." Based on these requirements, Pacific Coast Excavation withdrew their bid. The second apparent low bidder, DKAL Engineering submitted a letter on November 25, 2013 stating their omission of \$7,964.65 and the inability to satisfy the City's insurance requirements.

Based on these issues, DKAL Engineering withdrew their bid. The third apparent low bidder, John Madonna Construction was fully responsive to the bid request. All bonds, licenses, insurance and experience comply with the City's requirements.

The project duration is 25 working days.

FISCAL IMPACT

The sewer line improvement project has been budgeted for Fiscal Year 2013/14.

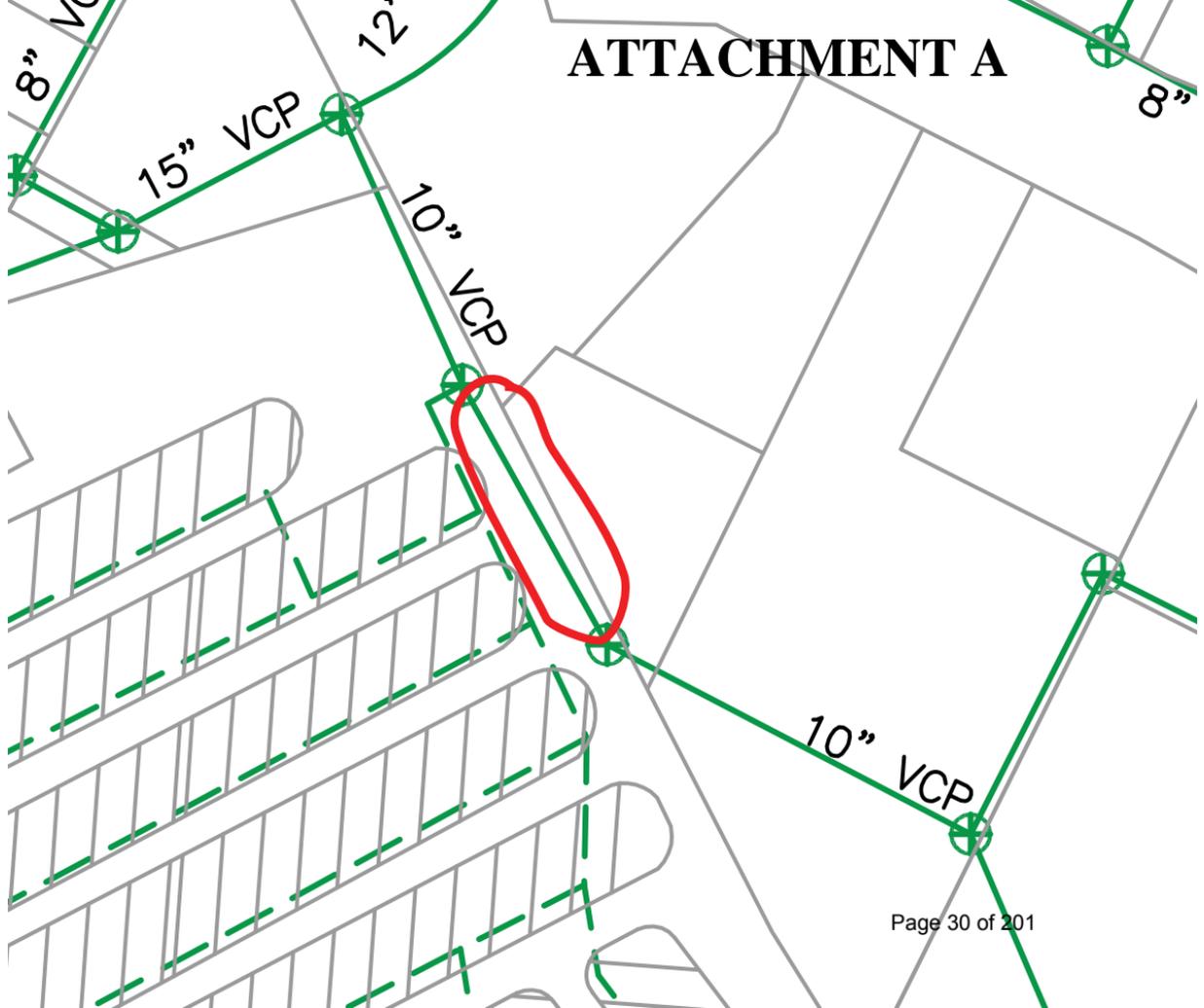
RECOMMENDATION

Staff recommends that Council award the contract for the Flying Flags Sewer Line Improvement Project to John Madonna Construction in the amount of \$78,667.70 and authorize the City Manager to execute that contract.

ATTACHMENT

Attachment A – Site Plan

ATTACHMENT A



CITY OF BUELLTON
City Council Agenda Staff Report

City Manager Review: MPB
Council Agenda Item No.: 9

To: The Honorable Mayor and City Council

From: Linda Reid, City Clerk

Meeting Date: December 12, 2013

Subject: Appointments to Boards, Commissions, and Committees

BACKGROUND

Following the reorganization of the City Council, it is appropriate for the Council to consider appointments to various boards, commissions, and committees. To assist in the consideration and possible action as to the appointments, staff has listed below the respective agency or body, has provided brief comments as to the purpose of said agency or body, and has provided additional comments as to an appointment. Copies of agency by-laws, membership rosters, and other information pertaining to the respective agency, board, body, committee, commission, or organization are not included with this staff report but are available for review. Attached, however, is a meeting schedule for the various boards, commissions, and committees on which Council Members may serve. (Note: As this staff report was written prior to the selection of a Mayor and a Vice Mayor, *all* members of the City Council will be referred to as “Council Member”).

A. Central Coast Water Authority (CCWA)

The Central Coast Water Authority was formed under the provisions of the State of California as a public entity to plan, develop, finance, design, construct, and manage certain extensions of the California Aqueduct of the State Water Project. The business of the Authority is conducted by a Board of Directors consisting of one Director appointed by each Member Agency. Each Director and an alternate Director shall be appointed or selected by the governing body of the respective Member Agency and may, but need not be, a member of the governing body of the Member Agency. The Board meets monthly on the fourth Thursday at 9:00 a.m. in Buellton.

Council Member Andrisek served as the City’s representative on the CCWA Board of Directors and Council Member Sierra served as the alternate representative. It would be appropriate for the Council to appoint two representatives for the up-coming year, with one appointee being an alternate representative.

B. Library Advisory Committee

This Committee meets quarterly on the third Wednesday at 10:00 a.m. at a varied location to formulate and oversee policy regarding the operation of a countywide library system. The Advisory Committee is composed of one representative from each of the incorporated cities in the County, one member from each Supervisorial District, and one County Supervisor. NOTE: This is not the Library Board of Trustees for Zone 2.

Council Member Dale served as the City's representative on the Committee and Council Member Sierra served as the alternate representative. It would be appropriate for the Council to appoint a City representative and an alternate representative to the Library Advisory Committee.

C. Santa Barbara County Association of Governments (SBCAG)

The Council of Governments, which serves Santa Barbara County, is responsible for review of OMB Circular A-95 federal grant applications, transportation planning and programming, annual allocation of Transportation Development Act funds, coordination of regional planning activities, distribution of U.S. Census data, and other duties as per a Joint Powers Agreement. The Board meets on the third Thursday of each month in Santa Barbara or Santa Maria. Membership includes the five County Supervisors and one representative from each of the incorporated cities in the County.

Council Member Sierra held this seat as the City's representative to the Santa Barbara County Association of Governments (SBCAG) and Council Member Dale is the alternate. It would be appropriate for the Council to appoint a City representative and an alternate to the Association of Governments Board.

D. Air Pollution Control District (APCD)

Assembly Bill 75, known as the Hauser Bill, required the addition of elected Mayors and/or City Council Members to the Air Pollution Control District Board of Directors. Senate Bill 113 was recently adopted that allows for alternates to serve on the Board. The responsibilities of the Board include setting policy for local clean air programs through the adoption and implementation of clean air plans, adopting locally developed rules and regulations to improve air quality, lobbying for effective laws relating to air pollution control, seeking innovative measures to provide air quality benefits, and other related duties.

Usually the City representative to the Santa Barbara County Association of Governments Board also serves as the City representative on the APCD Board of Directors, but this is not a legal requirement. Council Member Sierra held this seat as the City's APCD representative and Council Member Dale serves as the alternate representative. As SBCAG and APCD meet on the same date and location, it would be appropriate for the Council to appoint the City's SBCAG Board member to also serve on the APCD Board.

E. California Joint Powers Insurance Authority (CJPIA)

The California Joint Powers Insurance Authority is an agency created to provide programs to protect its members, their officers and employees, and property against unavoidable losses through purchase of insurance, self-insurance, and pooling of losses. The Authority is governed by a Board of Directors and an Executive Committee. The Board meets on an annual basis each July and also in special session on an as needed basis. Council Member Andrisek served as the City's representative at the annual Board meeting this past July. Council Member Connolly served as the CJPIA alternate.

Each member has a representative on the CJPIA Board of Directors. In the past, the City representative has been the Mayor or in his/her absence, the Vice Mayor. It would be appropriate for the Council to appoint a representative and an alternate to the CJPIA Board of Directors.

F. League of California Cities (LOCC) – Voting Delegate

Each year prior to the Annual Conference, the League formally requests the appointment of a City representative and an alternate to the League business meeting. It has been standard procedure for the Mayor to be the City's representative, if attending the conference, and for the Vice Mayor to be the City's alternate representative. It is recommended that the Council continue to follow this standard procedure.

G. Buellton Chamber of Commerce Board of Directors (Ex-Officio Member)

Currently a member of the City Council serves as an Ex-Officio Member on the Buellton Chamber of Commerce Board of Directors, which meets monthly on the first Tuesday at 1:00 p.m. in Buellton. The Council representative does not have voting power. Having a member on the Board allows the City to provide input as to Chamber programs and activities and to receive input from the Chamber Board as to City projects and programs.

Council Member Sierra is currently the City's representative to the Chamber of Commerce Board of Directors (Ex-Officio Member). It would be appropriate to appoint a Council Member to serve as the Council representative to the Chamber Board of Directors as an Ex-Officio Member. The Chamber Director has requested that the appointment to this position be for the duration of two (2) consecutive years.

H. Multi-Jurisdictional Solid Waste Task Group

The Multi-Jurisdictional Solid Waste Task Group is composed of elected officials representing the incorporated cities within the County, the County itself, and special districts. The purpose of the Task Group is to review recommendations from various sub-groups as to short and long-term disposal methods and alternatives, and to make decisions regarding the planning, implementation, and oversight of solid waste issues. The Task Group meets quarterly on the fourth Monday of the month at various locations in the County.

The City has two seats on the Task Group, held by Council Member Andrisek and Council Member Dale. It would be appropriate for the Council to appoint two representatives to the Multi-Jurisdictional Solid Waste Task Group.

I. Economic Development Task Force

The Economic Development Task Force was formed in accordance with the Business Retention and Expansion Program of the Economic Development Element of the City's General Plan. The Task Force is comprised of four members, those being the City Manager/Planning Director, an appointed City Council Member and alternate (currently Council Member Dale and Council Member Elovitz, respectively), and two appointed members of the Buellton Business Association/Chamber of Commerce and Buellton Visitor's Bureau Board of Directors. The Task Force meets on an as needed basis.

It would be appropriate for the Council to appoint a Council Member and alternate to the Economic Development Task Force.

J. City/School District Joint Use Committee

The City/School District Joint Use Committee was created in June of 2001 through a Joint Facility Use Agreement to provide for joint cooperation regarding the utilization, construction of improvements, and maintenance of certain school district property and certain City property. The Committee meets on an as needed basis.

Currently, Council Member Connolly serves as the City elected representative. It would be appropriate for the Council to appoint a City elected representative to serve on the Committee. The Council may wish to consider an alternate elected representative, although it is not required under the terms of the Agreement.

K. Public Visioning Steering Committee

Currently, Council Members Dale and Elovitz serve as the City's representatives on the Public Visioning Steering Committee. Various other community stakeholders sit on this committee as well. It would be appropriate for the City Council to appoint up to two Council Members to sit on this Committee. The Committee meets on an as needed basis.

L. Central Coast Collaborative on Homelessness

This is a Policy Committee that will meet quarterly or more often if needed. It includes elected representatives from the County Board of Supervisors and the County's eight cities. There will be a rotating representative between the Cities of Buellton, Carpinteria, Guadalupe, and Solvang. Currently, Council Member Sierra sits on this committee. It would be appropriate for the City Council to appoint a representative to sit on this Committee.

FISCAL IMPACT

Funds are included in the City's fiscal year budget for travel and meeting expenses for City representatives to boards, commissions, and committees.

RECOMMENDATION

That the City Council consider appointments to various boards, commissions, and committees for calendar year 2014.

ATTACHMENT

Attachment 1 - Boards, Commissions, and Committees Meeting Schedule - 2014

2014 MEETING SCHEDULE Boards, Commissions, and Committees

Board, Commission or Committee	Date	Time	Location
A. Central Coast Water Authority	4 th Thursday – Monthly	9:00 a.m.	Buellton
B. Library Advisory Committee (Not Library Board of Trustees)	3 rd Wednesday - Quarterly	10:00 a.m.	Location Rotates
C. Santa Barbara County Association of Governments	3 rd Thursday - Monthly	8:30 a.m.	Rotates between Santa Maria and Santa Barbara
D. Air Pollution Control District	As Scheduled	1:00 p.m.	Rotates between Santa Maria and Santa Barbara
E. California Joint Powers Insurance Authority	Annual meeting in July	7:00 p.m.	La Palma
F. League of California Cities - Voting Delegate	LOCC Annual Conference - September		Los Angeles September 3-5 2014
G. Buellton Chamber of Commerce Board of Directors	1 st Tuesday - Monthly	1:00 p.m.	Buellton
H. Multi-Jurisdictional Solid Waste Task Group	4 th Monday - Quarterly	9:00 a.m.	Varies
I. Economic Development Task Force	Meets as needed		Buellton
J. City/School District Joint Use Committee	Meets as needed		Buellton
K. Public Visioning Steering Committee	Meets as needed		Buellton
L. Central Coast Collaborative on Homelessness	Meets Quarterly		TBD

CITY OF BUELLTON
City Council Agenda Staff Report

City Manager Review: MPB
Council Agenda Item No.: 10

To: The Honorable City Council

From: Kyle Abello, Recreation Coordinator

Meeting Date: December 12, 2013

Subject: Consideration of Approval of Draft Master Plan for Neighborhood Park at the Village

BACKGROUND

The approved Village Specific Plan includes a 1.8 acre park site that is located to the north of a commercial portion of the site on Highway 246 across from the Albertson's shopping center (Attachment 1). It is the responsibility of the developer to provide a "basic park" (grading, landscaping, benches, walking path, etc.). The developer as part of the requirements of the Village Specific Plan is also required to upgrade the park up to \$160,000 above the basic park amenities. John Franklin, the representative for the developer, Miller Brothers Company, has retained the services of David Foote, of Firma Landscape Architects, to prepare the park plan. The main park site has been increased due to the consolidation of two smaller park sites on the property as part of a recent amendment to the Village Specific Plan. This would allow greater flexibility and usability of the proposed neighborhood park. The park would be accessible from the loop road that would run through the property as well as having a direct link with the commercial center to the south, so a multiplicity of uses (holiday gatherings, farmer's markets, special events, etc.) are envisioned. The developer is required to prepare the construction documents and then construct the park. Once constructed, and if built to the requirements identified by the City, the City would then accept the park and it would become a City facility. The City would then be responsible for maintenance of the park. However, the City Council may wish to consider an assessment of the commercial properties to help offset some of those ongoing park maintenance costs, which Staff estimates to be in the range of \$15,000-\$20,000 annually.

The Planning and Parks & Recreation Commissions held two joint meetings on August 26 and October 3, 2013, where they reviewed various options for park configuration and provided feedback to Mr. Foote on the conceptual design. The Neighborhood Park at the Village Draft Master Plan (Attachment 2) represents the joint recommendation of the Commissions that was arrived at during the meeting of October 3, 2013. The three major amenities beyond a "basic park" include: a gazebo, a two room restroom, and a play area. The Commissions felt that these were the most important items to include in the

park, especially since it would be the only park serving residents on the east side of Highway 101 and could serve as a gathering place for events with its close proximity to the commercial heart of the City.

At the last City Council Meeting, direction was given to Staff to return with a Revised Draft Master Plan (Attachment 3) showing adjusted locations for the gazebo, restroom, and play area as well as increased hardscape in the central plaza adjacent to the gazebo. You have also been provided with an updated Preliminary Cost Estimate (Attachment 4) that includes the additional hardscape shown in the plan. Please keep in mind that the design plans and cost estimates are preliminary in nature and not meant to represent final construction plans or costs. The developer is responsible for providing a “basic park” so the rough estimates for the additional park amenities shown (gazebo, play structures, restrooms) would be an additional expense to the City. As mentioned, the developer is required to contribute \$160,000 over and above the base improvements for these amenities; based on the estimates in Attachment 4, the park as shown would require about \$100,000 from the City above the \$160,000 borne by the developer.

As a side note, some future amenities may be provided through donations or partnerships with local organizations, and staff has already had some preliminary inquiries in this vein. A letter from Jerry Fiore representing the Santa Ynez Valley Bocce League is included in your packet (Attachment 5); the letter encourages the Council to consider designating space in the park for bocce courts to be installed in the future.

Staff recommends that the Council consider approval of the Neighborhood Park at the Village Draft Master Plan along with allocation of additional funds for amenities and maintenance.

FISCAL IMPACT

This item, in itself, will have no fiscal impact. Any improvements beyond the basic park plus \$160,000 extra amenities would come from the City’s General Fund, in addition to on-going maintenance costs once the park is complete.

RECOMMENDATION

That the Council consider the following:

1. Approval of the Neighborhood Park at the Village Draft Master Plan as shown on Attachment 3. If approved, the developer will begin construction documents.
2. Allocate \$100,000 in the next budget cycle to cover the cost of additional amenities (gazebo, play structures, restrooms).
3. Consider whether assessments on the commercial properties should be investigated by staff to offset the ongoing park maintenance costs.

ATTACHMENTS

- Attachment 1—Buellton Village Park Layout Exhibit
- Attachment 2—Neighborhood Park at the Village Draft Master Plan
- Attachment 3—Revised Neighborhood Park at the Village Draft Master Plan
- Attachment 4—Buellton Village Park – Preliminary Cost Estimate
- Attachment 5—Letter from Santa Ynez Valley Bocce League

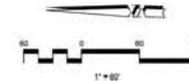


**BUELLTON VILLAGE
PARK LAYOUT EXHIBIT**

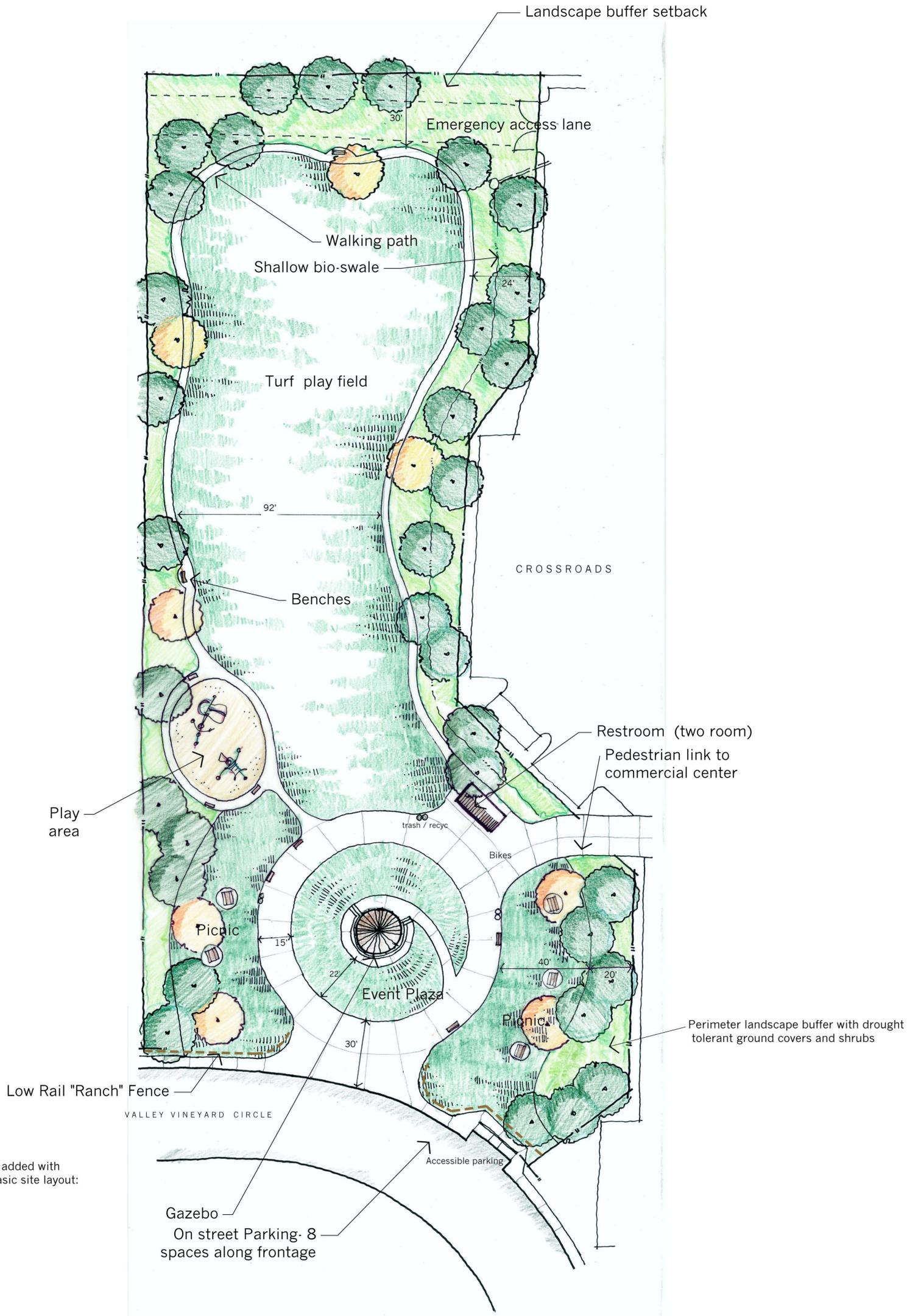
FOR
BUELLTON,
CALIFORNIA

PREPARED FOR:
Owners/Applicant:
Oak Springs Village Properties

PREPARED BY:

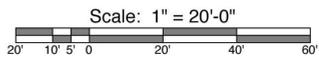


12.27.2012



Other park elements that may be added with no significant alteration to the basic site layout:

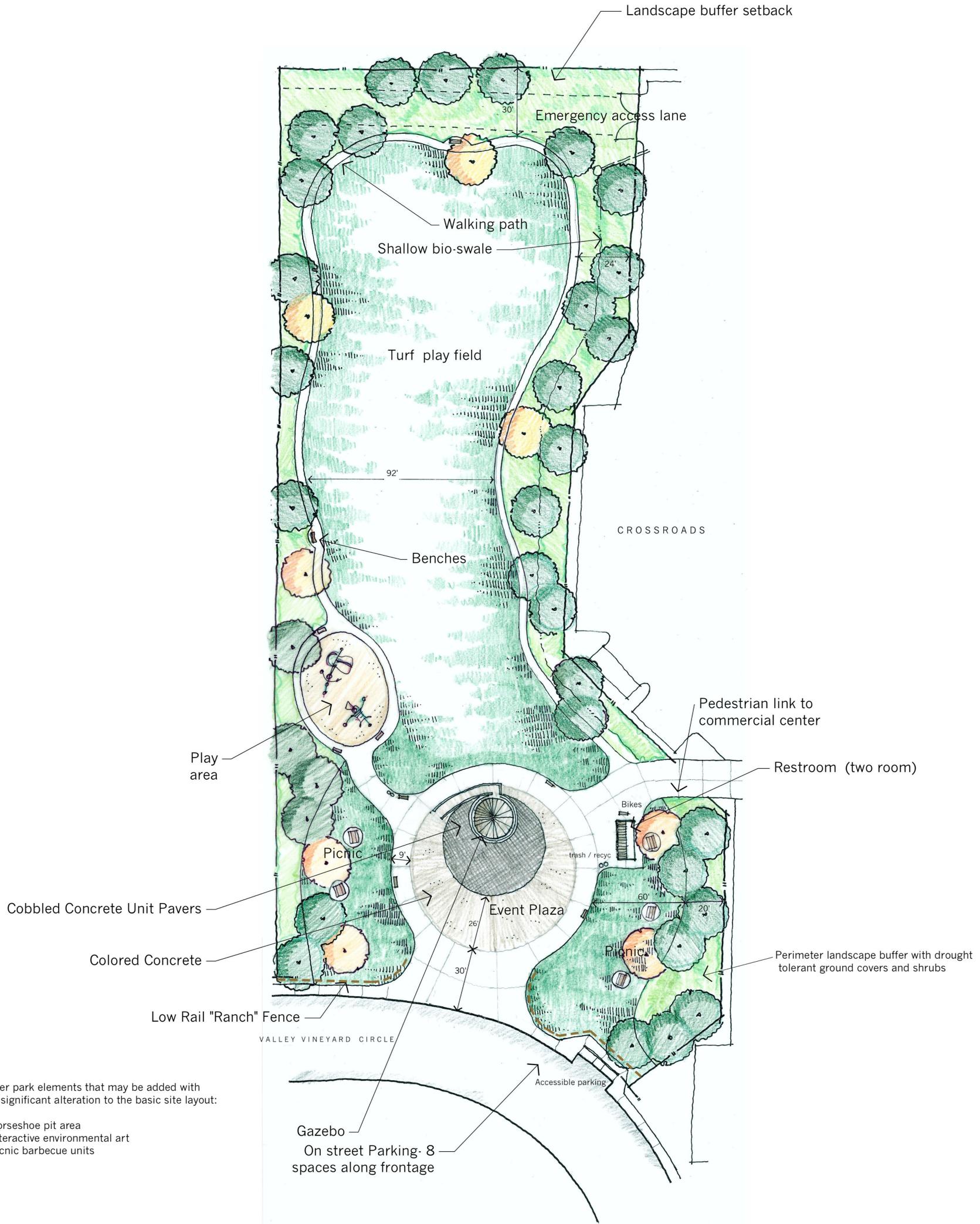
- Horseshoe pit area
- Interactive environmental art
- Picnic barbecue units



Neighborhood Park at the Village

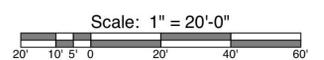
DRAFT MASTER PLAN





Other park elements that may be added with no significant alteration to the basic site layout:

- Horseshoe pit area
- Interactive environmental art
- Picnic barbecue units



Neighborhood Park at the Village DRAFT MASTER PLAN



Buellton Village Neighborhood Park - Preliminary Cost Estimate

12/3/2013

Basic park and infrastructure

Includes grading, wet and dry utilities, perimeter lighting, wall, DG paths, picnic tables, benches, drinking fountain, trash receptacles, lawn, ground cover, trees and shrubs	228,000
Architecture, civil design, etc. (20%)	46,000
	274,000
TOTAL BASIC PARK	\$ 274,000

Added optional amenities

Play structure - Small children (includes surface and equipment)	25,000
Play structure - All age (includes surface and equipment)	25,000
Restroom (includes flat work, utilities, and site prep)	85,000
Gazebo (includes flat work, utilities, and site prep)	82,000
	217,000
civil, survey, geotech, design, etc. (20%)	43,000
	260,000
TOTAL OPTIONAL AMENITIES	\$ 260,000

NOTE: all estimates ARE PRELIMINARY and include design, permitting and construction

ATTACHMENT 5

TO: Buellton City Council, Recreation Committee
301 2nd Street, Suite A
Buellton, CA 93427

FROM: Santa Ynez Valley Bocce League
Jerry J. Fiore, Commissioner

DATE: November 26, 2013

SUBJECT: Bocce Courts for proposed **"Neighborhood Park at the Village"**

On behalf of the SYVBL please accept our enthusiastic support for considering the implementation of Bocce Courts for your **"Neighbor Park at the Village"** project.

As a volunteer organization, established in 2007, we are very excited to learn that these Courts may become a reality and especially appreciative that the SYVBL may have the opportunity to utilize these courts while honoring the **Code of Responsibility** for utilization.

Please allow me to share a few thoughts and facts regarding the progress of our league.

- Established in 2007 with 6 teams
- Currently the league has 14 teams
- League population, approximately 275
- Age range of players: young adults, 30 years old to seniors, 80 ish
- Season: April - October
- Schedule: Games every Tuesday evening
- Time of Games: 6 PM - 8:30 PM
- Game Format: Best of 3 game series
- Courts: All private residences
- All Star Game: Gender Game midseason
- Award Banquet: Held in October to honor the league and Champions

Anticipated Growth Plans:

The SYVBL Bocce Board every year rationalizes a variety of issues regarding the growth and compatibility of the league and how it can complement the citizens of the Santa Ynez Valley.

It is our goal to accommodate every individual who signs up to play and place them on a team.

In recent years we have developed new teams, all strangers, to be part of the league and have been fortunate to find available courts to accommodate these new teams. Currently we have a pool of players to establish another team for the 2014 Season and will probably have more

players when the season starts. Needless to say, Bocce Courts are critical for us as new Teams are developed.

Moving forward we anticipate another exciting year of play and enjoyment with old friends and meeting the new members.

We are aware that tourism in the Santa Ynez Valley has been growing steadily. Bocce on a National Scale has been growing significantly with Leagues and Facilities/Courts popping up all over.

During the 2014, in addition to our regular League Schedule, we intend to test the competitive play from other Leagues throughout California and beyond. We intend to invite other Bocce Community Teams from different towns to come and participate in Tournament Play while experiencing the amenities of what our Valley offers with fun, beautiful accommodations, vineyards and great restaurants.

We are encouraged with this combined growth of Tourism/Bocce and believe the SYVBL can be a contributing factor for Valley Tourism. The geographical location of your scheduled "Village Park" is going to create an "Entry Experience" to our beautiful Valley and leave an impression for those who visit us.

In closing I commend the City of Buellton for their strategic approach in enhancing the beauty of the Santa Ynez Valley and encourage the City of Buellton to consider the installations of Bocce Courts for the "**Neighborhood Park at the Village**" project; it is very exciting.



www.syvboce.com

CITY OF BUELLTON
City Council Agenda Staff Report

City Manager Review: MPB
Council Agenda Item No.: 11

To: The Honorable Mayor and City Council

From: John Herrera, Contract Fiscal Consultant

Meeting Date: December 12, 2013

Subject: Review of Comprehensive Annual Financial Report (CAFR) for June 30, 2013

BACKGROUND

Staff is pleased to present the Comprehensive Annual Financial Report (CAFR) for the fiscal year that began July 1, 2012 and ended June 30, 2013. The CAFR was prepared as requested by the City Manager to ensure a more comprehensive financial presentation of the City's fiscal position which provides a broader scope than the basic audited financial statements prepared in the past.

The CAFR is divided in three main sections:

1. Introductory Section – Includes the Transmittal Letter and other related Information
2. Financial Section – Includes the audit opinion letter and financial statements.
3. Statistical Section – Includes 10-year historical trend information relevant to the CAFR

The City received an unmodified (or “clean”) audit opinion and is included in the Financial Section of the CAFR document (Attachment 1).

The CAFR summarizes financial activity in the previous fiscal year and fund balances at June 30, 2013, as well as provides a narrative explanation in the transmittal letter and notes of significant accounting policies, events, and highlights of activities of the past year. As valuable historical information, these documents are used to identify and track revenue and expenditure trends, evaluate past actions and decision of management, and provide audited financial information used to develop better budgets and long term financial plans.

The City's CAFR is prepared in accordance with generally accepted accounting principles (GAAP) as promulgated by the Government Accounting Standards Board (GASB). The CAFR financial statements were audited by the CPA firm of JJACPA.

Staff believes the attached CAFR complies with the Government Finance Officers Association financial reporting award and will submit the CAFR for the award prior to the December 31, 2013 filing deadline.

The preparation of this CAFR for fiscal year ending June 30, 2013 will make future CAFR's more efficient to allow the staff to make the CAFR presentation in November instead of December.

Staff will be available to provide a presentation to explain the CAFR and can answer any questions of the City Council.

FISCAL IMPACT

None

RECOMMENDATION

That the City Council review and file the Comprehensive Annual Financial Report for the fiscal year ending June 30, 2013.

ATTACHMENT

Attachment 1 – Comprehensive Annual Financial Report for June 30, 2013

CITY OF BUELLTON, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2013



Prepared by:

John Herrera, CPA
Interim Finance Director

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City of Buellton, California
Comprehensive Annual Financial Report
For the year ended June 30, 2013

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City of Buellton, California
Comprehensive Annual Financial Report
For the year ended June 30, 2013

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City of Buellton, California
Comprehensive Annual Financial Report
For the year ended June 30, 2013

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City of Buellton

November 24, 2013

To the Honorable Mayor, Members of the City Council and Citizens of the City of Buellton:

JJACPA, Inc., Certified Public Accountants, have issued an unmodified (“clean”) audit opinion on the City of Buellton’s financial statements for the year ended June 30, 2013. The independent auditor’s report is located in the financial section of this report.

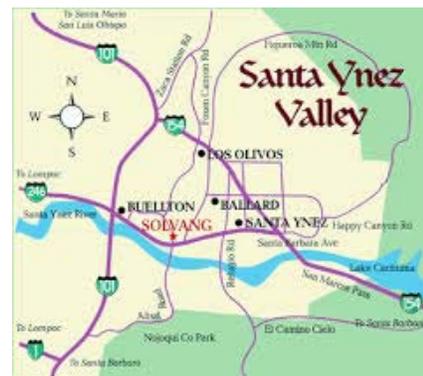
State law requires that every City government publish, within twelve months of the close of each fiscal year, a complete set of basic audited financial statements. This report is published to fulfill that minimum requirement for the fiscal year ended June 30, 2013, as well as expand on the numbers with written explanations on the significance of the audited financial statements presented. This comprehensive presentation of audited financial statements, written narrative, and ten-year statistical information are provided to give the readers of the financial statements a better understanding of the financial position of the City of Buellton. In its entirety, the report that follows constitutes the City of Buellton’s Comprehensive Annual Financial Report.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls that it has established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Management’s discussion and analysis (MD&A) immediately follows the independent auditor’s report and provides a narrative introduction, overview, and specific analysis of the basic financial statements. The MD&A of this report complements this transmittal letter and should be read in conjunction with it.

Profile of the government

The City of Buellton, California incorporated in 1992 and is one of eight incorporated Cities in Santa Barbara County, in the central coast of the Santa Ynez Valley, and is located at the crossroads of Highway 101 and Highway 246 about 45 miles north of the City of Santa Barbara. Buellton occupies an area of 1.6 square miles and serves a population of 4,863. Buellton is also known as the Home of the Original Split Pea Soup, giving credit to Anderson’s Split Pea Soup Restaurant. Tourists and travelers on their way north to San Francisco stop by to sample the split pea soup. Many good memories are made in Buellton and with the help of the Visitor’s Bureau, visitors keep coming back to Buellton and neighboring City of Solvang for the unique foods and shopping experience.



On a historical basis, in January of 1918, Buellton came into being when a newly built bridge was opened across the Santa Ynez River. This bridge led to an intersection with the “Missions Highway” and would become the newly established route of the Coast Highway between Los Angeles and San Francisco, now known as Highway 101. The City continues to experience residential, commercial and light industrial development.

As noted above, the City serves as a common stop for travelers on U.S. Highway 101, being the first town north of Santa Barbara after the scenic and undeveloped stretch of about 25 miles through the Gaviota coast. Surrounding the City are horse and cattle ranches, vineyards and wineries, and the beautiful Santa Ynez Mountains.

There is even an electric car (EV) charging station with eight Tesla superchargers and is located at 555 McMurray Road in Buellton. Tesla Superchargers allow Model S owners to travel for free between Cities. This supercharger station is on the pathway of other stations on the route up to San Francisco and was recently written about in a USA Today article.



Interestingly, for those who prefer public transportation, Buellton is conveniently located close to a railway system that allows one to travel by trolley, train, and the Amtrak bus, starting way down at the U.S.-Mexican border and continuing on all the way to Buellton, next to City Hall. This 100% public transportation trip can all be done in about seven hours, and without ever having to turn on the ignition in your car.

This makes the City of Buellton truly unique and more than easily accessible.

Governance & Municipal Services

The City of Buellton operates under a five member City Council, five-member Planning Commission, five member Parks and Recreation Commission, and City Manager form of government. Policy-making and ultimate legislative authority are vested in the City Council consisting of the Mayor and four other members, all of whom are elected at large. Council members serve four-year staggered terms. The Mayor is elected on a rotating basis from among the five Council members. The five-member Council appoints the City of Buellton’s City Manager, who in turn appoints its department heads.

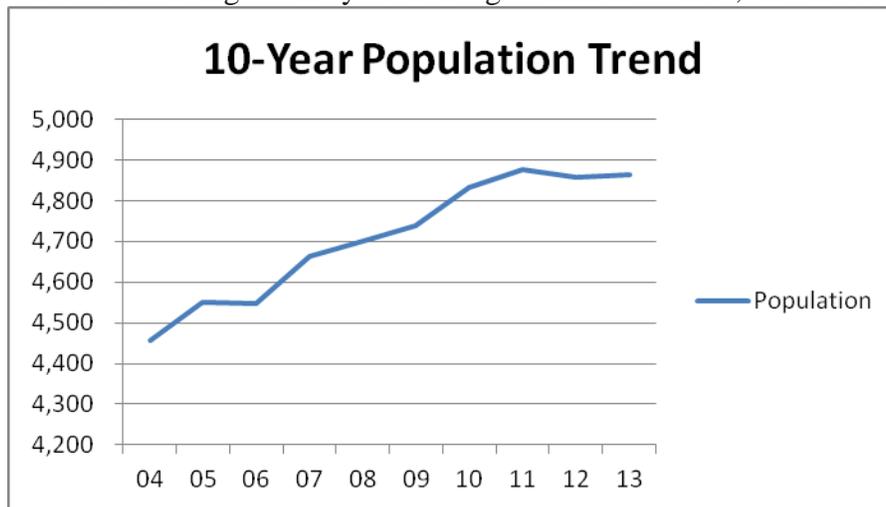
The City of Buellton provides a full range of services, including law enforcement and fire protection under contract with the County of Santa Barbara; refuse collection under contract with MarBorg Industries; planning & zoning services, building & safety services under contract with the County; construction and maintenance of highways, streets, and other infrastructure; parks & recreational and cultural activities; library services under contract with the City of Lompoc; Santa Ynez Valley Transit services under contract with the City of Solvang, and general government services which ensure the efficient delivery of municipal services to the community. Water distribution and sewer services are provided through the Public Works Department of the City of Buellton and are presented as separate funds in the proprietary fund section of these financial statements.

The Council is required to adopt an initial budget for the fiscal year no later than June 30 preceding the beginning of the fiscal year on July 1. The City of Buellton’s budget for fiscal year 2013/14 was adopted on June 27, 2013 and then re-adopted on August 22, 2013 to reflect a more realistic revenue projection and an improved management format for better understanding by all readers of the budget. This annual budget serves as the foundation for the City of Buellton’s financial planning and control. The budget is prepared by fund, function (e.g., public safety), and department (e.g., police & fire). Department heads may transfer resources within a department as they see fit. Transfers between departments, however, require special approval from the City council because the Council’s legal level of budgetary control is at the *Department* level.

Local economy

As discussed above, the City of Buellton is one of eight incorporated Cities in Santa Barbara County. The City of Buellton enjoys a sound balance sheet with cumulative cash reserves currently totaling 70% of annual General Fund operating costs. The City also enjoys a strong fiscal capacity because of the City Council’s willingness to expand its retail sales and assessed values through the implementation of economic development initiatives. Although economic development is hard in 2013 in a post-RDA dissolution era, the City management’s strategic use of capital investments and related infrastructure improvements will allow the City of Buellton to achieve its goal of long term fiscal sustainability and positive return on investments made in the name of economic development of the community.

Median household incomes within the City of Buellton are significantly higher than for the state as a whole. According to the year 2010 government census, the median family income in Buellton was



\$62,000. The median income in Santa Barbara County was \$56,000, while the State’s was \$57,000. Average household incomes are about 35% higher than median incomes across the board. The US Census projects household incomes to rise by 3.9% annually over the next five years. The City’s population has been relatively flat, with a small increase from 4,858 in 2012 up to 4,863 in 2013. The chart at left shows

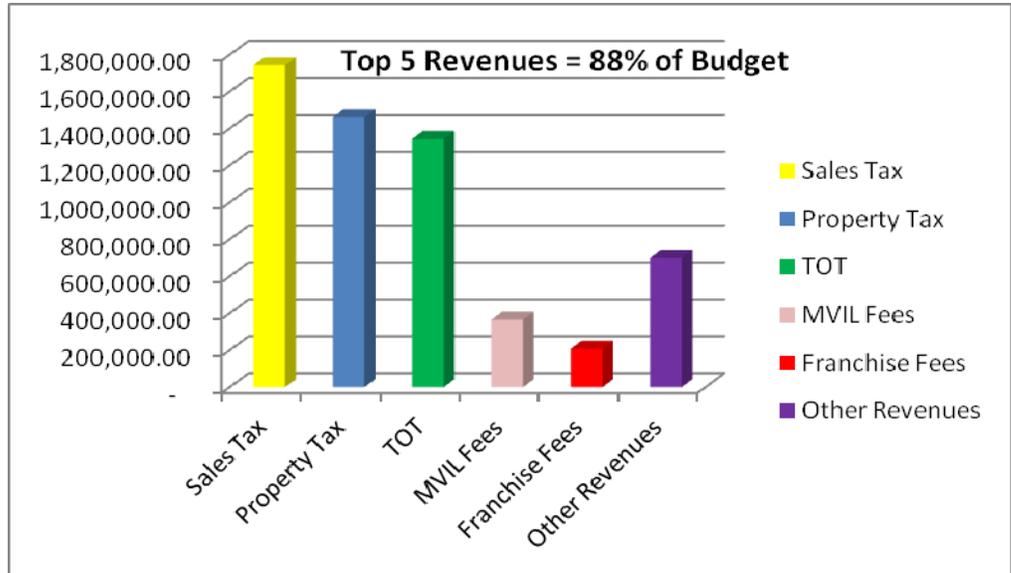
the relatively flat trend in population change during recent years.

There are 1,784 households in the City. And the average household size in Buellton is 2.7, compared to 2.85 for the County and 2.89 for the State. The City of Buellton has a high rate of ownership, with 64% of residential units owner-occupied, compared to 48% for the County and 50% for the State. Over 2/3 of Buellton residents live in single-family homes, with the remaining 1/3 living in multi-family complexes and mobile homes. The unemployment rate stands at 4.9% for the City of Buellton, with the County rate at 6.8% and the State still holding at 9.2% unemployment rate.

Within the County of Santa Barbara, housing values remain relatively strong. Among the eight Cities in the County, Buellton ranks 4th in Current Home Value by the Zillow.com website at July 2013, shown at \$417,200. This is below the County average of \$458,400 and the State average of \$376,500. The Cities of Santa Maria, Lompoc, and Guadalupe in that downward order had housing values ranked below the City of Buellton. Of course Zillow.com is considered to be a bit behind actual trends in reflecting actual housing values, but it is useful for relative comparison purposes.

Highlights of the Top Five Revenue Sources for the Budget

In fiscal year 2012/13, the top five revenue sources in the City’s General Fund accounted for 88% of all funding for the City’s annual cost of providing municipal services to the community. The top five revenue sources have been growing in their importance to the City. In fiscal year 2011/12, the top five revenues accounted for 80% of the General Fund budget, reflecting growth in TOT revenues and retail sales. The revenues sources are shown in the bar chart at right. City staff will continue to closely monitor these revenues, hone in on the detail activities that affect their cash flows, and implement initiatives where they matter most to the budget from a revenue standpoint.

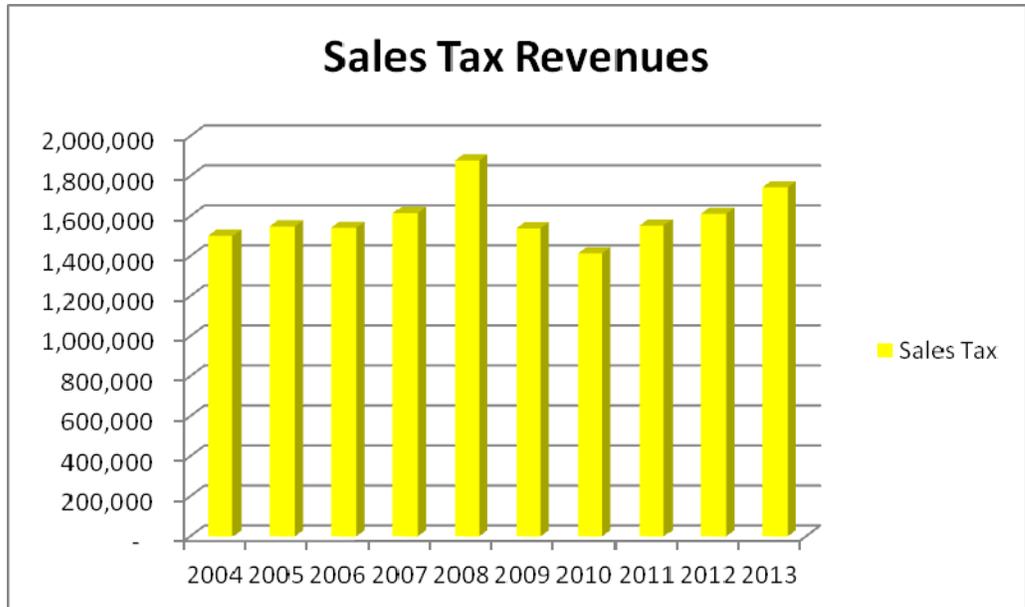


Revenue Source #1 – Sales Tax

The City receives its highest cash flow from sales tax revenues as shown in the bar chart below. The City’s consultant HdL provides a quarterly review of retail sales in the City and helps the City separate out anomalies from trends in the retail sales throughout the various retailers in Buellton. Total retail sales are now over \$174 million per year in the City.

The per capita retail sales are at roughly \$26,500 in Buellton, much higher than the \$9,900 per capita retail sales in the County of Santa Barbara. Retail sales and sales tax revenues were up 8.2% in fiscal year 2012/13 compared to the prior fiscal year. The sales tax revenue forecast for fiscal year 2013/14 was conservatively estimated at about the same level of fiscal year 2012/13 actuals. However, this \$1,745,000 sales tax revenue estimate will likely be increased at Mid-Year Budget.

The forecasting of the following year’s sales tax revenues can sometimes be difficult in June of each year given the “Triple Flip” true-up calculation in the total sales tax revenue estimate that is not always known for the current fiscal year books which will not be closed for another 60 to 90 days. The important tool management has to ensure that the budget ends up closer to actuals at year-end is a proper analysis of all City revenues at the Mid-Year Budget agenda item that comes before Council in January of each year.



Revenue Source #2 - Property Tax

Property tax revenues are second in order of cash flow generators for the City, bringing in almost \$1.5 million per year to City coffers. Our property tax consultant HdL provides the City with quarterly analysis of actual property tax payments and trends in assessed values which drive property tax revenues.

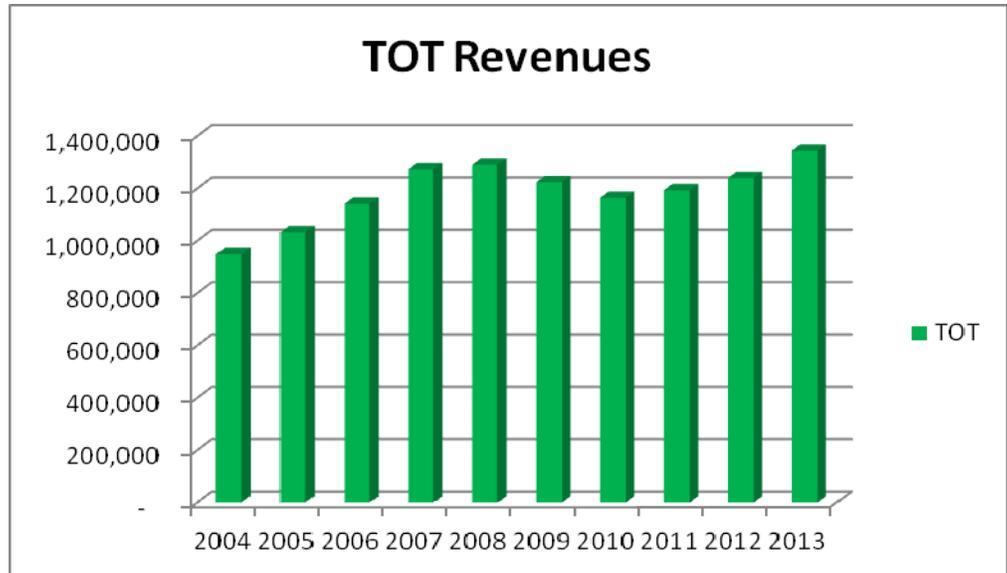
The chart at left shows the ten-year history of property tax revenues in Buellton. The economic downturn in 2008 and the fall in real estate values have taken a hit to residential and commercial values in Buellton. As we can see in the bar chart at left, property tax revenues are still falling, and even though there is a turnaround in the housing market, there is a two-year lag in the trend



toward higher assessed values of properties in the City. It may not be until fiscal year 2014/15 that the City will begin to see a real turnaround in property tax to the levels we had in fiscal year 2009/10.

Revenue Source #3 – Transient Occupancy Tax (TOT)

The City receives just over \$1.3 million annually from hoteliers in the City. The largest hotel is the Marriott Hotel, which brings a substantial amount of TOT to the City. TOT information by hotel is confidential as it affects the competitive nature of the industry. The City approved an increase in the TOT rate from 10% to 12% last year, with additional revenue going to the Buellton Chamber of Commerce and Visitor’s Bureau. TOT revenues grew by 8.5% in fiscal year 2012/13, which reflects the slowly improving economy and also reflects the TOT rate increase from 10% to 12%. The budget for fiscal year 2013/14 expects TOT revenues to grow by 12%. In fiscal year 2012/13, TOT



revenues exceeded the peak levels of fiscal year 2007/08 before the economic recession hit the City and the entire nation, even after adjusting for the TOT rate increase to 12%. The City will continue to closely monitor the 11 hotels in the City to ensure timely reporting and collection of TOT revenues for the budget.

Revenue Source #4 - Motor Vehicle In-Lieu

Motor Vehicle In-Lieu revenues bring in about \$366,000 annually. Ever since Gray Davis and Arnold Schwarzenegger played political football with this revenue source eight years ago, “pulling the trigger” and “un-pulling” the trigger that would provide or eliminate Motor Vehicle In Lieu fees, Cities have ended up with just a fraction of the original amount previously received. The \$366,000 annual revenue from Motor Vehicle In-Lieu revenue represents only 6% of the annual General Fund operating budget, however, it is the fourth largest revenue source for the City, a long stretch but still just behind TOT revenues. This revenue source is expected to remain flat in fiscal year 2013/14.

Revenue Source #5 – Franchise Fees

The City currently collects franchise fees for solid waste collection from MarBorg. Although at \$208,000 per year it only represents 4% of the General Fund budget, Franchise Fees still represents the fifth largest revenue source. This revenue source is expected to grow by just 1% in fiscal year 2013/14.

All other revenue sources in the General Fund represent a relatively small percentage of the General Fund operating budget, yet combined they add up to 12% of the total General Fund revenues. Every single revenue source is important to the management of the City, however, following Pareto’s 80/20 principle, the City staff will spend 80% or more of their time analyzing and monitoring the top five revenue sources in the General Fund budget as we have just discussed.

As we have shown above, Buellton enjoys a relatively healthy local economy; however, it does not currently have a bond rating because it has zero bonded debt on its balance sheet. When the City decides to go to Wall Street to sell bonds for future infrastructure improvements for Water or Wastewater systems, the City will go before Moody’s Investor Service or Fitch’s Rating Service for a credit rating. There is a definite need to update the user fees for Water and Wastewater services. An adequate multi-year rate management program will provide the best opportunity for obtaining an investment-grade credit rating for the City of Buellton in the future.

Long-term financial planning and major initiatives

As shown in the fiscal year 2012/13 CAFR that follows, unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) in the general fund at year end was \$5,829,005 or about 107% of “operating” expenditures in the General Fund approved in the fiscal year 2013/14 budget. However, management has discounted the \$5,829,005 by \$2,026,005 for financial planning purposes, presenting an “available” fund balance reserve in the General Fund of \$3,803,000 at June 30, 2013, yet still a healthy “budgetary” operating reserve of 70% of the expenditure budget.

Compared to other Cities in Santa Barbara County, the City of Buellton ranks highest in General Fund “Unrestricted” fund balance reserve percentage (even after adjusting for the \$6.2 million “restricted” cash for the RDA lawsuit) using actual expenditures from the 2012 audited CAFR of each City; the fiscal year 2012/13 audited CAFR is not yet available for all eight Cities in Santa Barbara County.

Here is the data showing the rankings for “unrestricted” fund balance as a percentage of actual General Fund expenditures based on fiscal year 2011/12 audited financial statements. Note the 107% reserve shown above is for fiscal year 2012/13; the 117% reserve shown below is for fiscal year 2011/12:

Rank	City Name	Total Expenditures	Unrestricted Fund Balance	Gen Fund Reserve
1	City of Buellton	4,380,949	5,134,055	117%
2	City of Carpinteria	6,875,585	7,521,133	109%
3	City of Solvang	5,736,040	5,559,923	97%
4	City of Santa Maria	48,039,287	40,749,118	85%
5	City of Goleta	21,346,043	17,829,148	84%
6	City of Lompoc	26,843,149	5,367,872	20%
7	City of Santa Barbara	99,696,518	18,407,254	18%
8	City of Guadalupe	3,226,682	(339,359)	-11%

Of course some of the unrestricted fund balance in the General Fund for each City may be programmed for large capital improvements, like the Library in Santa Maria. However, these funds are discretionary and are classified as “unrestricted” for balance sheet presentation by each City. Thus, the above comparative chart shows the relative financial position of the City of Buellton in comparison to the other Cities in the County of Santa Barbara.

For budget policy purposes, best management practice calls for a minimum General Fund reserve of about 25%, or about three months operating reserve. The City Manager will be working on other fiscal policies discussed below, in addition to a purchasing and encumbrance policy, which will address the need for more accurate financial reporting on a monthly basis and spending controls in the budget.

Working with the City's consultant Kosmont Companies, the City Manager will work with the Council to consider a variety of economic development initiatives that will allow the City to bring to fruition development projects that will expand the tax base and provide cash flow for funding a City business plan that achieves the long term fiscal sustainability of the City.

Capital Improvement Program (CIP) Projects in Fiscal Year 2012/13

The City did not have a formal Capital Improvement Program (CIP) budget plan in fiscal year 2012/13; however, the City spent \$1,282,492 in capital improvements in all funds. In the next fiscal year 2013/14 budget, the City established a Citywide Capital Improvement Program (CIP) budget, with \$2,262,089 committed by the City Council to preserve and improve the infrastructure of the City. This will expand the City's ability to attract commercial and residential development, improving the fiscal capacity of the City in the long run. The list that follows is a list of CIP projects that were either started or completed in 2012/13:

- *12/13 Road Maintenance – design and bid documents were started for annual road maintenance project. Various street locations were worked on, including the Rancho de Maria neighborhood, Thomas Road, Easy Street, and Los Padres.
- *11/12 Road Maintenance was completed, to include Meadowview neighborhood and highway 246.
- *11/12 concrete repairs were completed throughout the City of Buellton.
- * The Headworks Improvement Project – design and bid documents started for the waste water treatment plant improvements.
- *Water Reservoirs 1 &2 project – design and research started – for the water supply system.
- *Buellton Town Center – coordination and design completed – for circulation improvements.
- *Highway 246/Sycamore Pedestrian crossing – Phase 1 signage improvements completed.
- *Highway 246/Sycamore Pedestrian crossing – Phase 3 started.
- *McMurray Road Widening – design and permits completed (project on hold per council as ROW is required).
- *North Ave of Flags Park & Ride – design and encroachment permits started.
- *Valley Dairy Storm Drain maintenance – completed. It's our largest inlet on the west side of town in a residential area. It was filled with debris, vegetation and dirt.
- *Award of contract for Wayfinding Signs to be completed in fiscal year 2013/14.

Cash & Investments – City Treasurer Activities

The continued low interest rates will continue to keep investment earnings low. Even with the new Federal Reserve Chairperson Janet Yellen, management expects the loose monetary policy or “quantitative easing” and “bond buying” as it has been called, to continue for the next couple of years, keeping investment yields artificially low. The City continues to invest most of its idle funds at the State’s Local Agency Investment Fund (LAIF), which earned just 0.307% for the fiscal year ending June 30, 2013. However, thanks to the City’s purchase of some collateralized certificates of deposit for the portfolio, the City was able to realize a total return on idle cash of 0.71%, more than double the yield it would have earned had it kept all funds in LAIF.

During the new fiscal year, management will explore more active investment of idle cash balances, in accord with its investment policy, while preserving the safety-liquidity-yield priority when investing the City’s cash balances.

Relevant financial policies

The City of Buellton has been working on writing more comprehensive financial policies that follow best management practices for municipal finance practitioners. During the current year, several of these policies were particularly relevant. For example, the City of Buellton has a policy that requires the adoption of a balanced annual operating budget, which means that estimated revenues must equal or exceed expenditure appropriations in the budget.

On a budgetary basis, the City has a revenue budget of \$4,296,365 and an expenditure budget of \$5,017,791, with an apparent “budgetary” deficit of \$721,426. However, on an “actual” basis, revenues were \$5,825,617 and expenditures totaled \$5,222,351 and “actual” budget “surplus” of \$603,266 for the fiscal year ending June 30, 2013. The Mid-Year Budget was not properly prepared; otherwise both the revenue budget and expenditure appropriations would have been revised to present a fiscal year 2012/13 budget that achieved the City’s budget policy of a balanced budget. In addition, the City of Buellton has a policy that nonrecurring (i.e., “one-time”) resource inflows not be used for operating purposes.

For fiscal year 2012/13, there were no one-time revenues used for operating purposes except for the Indian Gaming Grant that was used for a motorcycle patrol officer. This was the focus of significant discussion during re-approval of the fiscal year 2013/14 budget as we discussed the difference between a budget deficit and a “structural” budget deficit.

From this point forward, the City will follow the definition and fiscal policy of a “structurally” balanced budget. This means that the City will only propose “operating” expenditures for appropriation if they have “ongoing” revenues to support their operating cost. The City will not use fund balance reserves to pay for “one-time” expenditures unless those expenditures are for capital improvements or during serious economic downturns, at which time the use of “rainy day” reserves is sometimes appropriate.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting to governments that publish an easily readable and efficiently organized CAFR that satisfies both generally accepted accounting principles and applicable program requirements.

A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. However, we believe that our current CAFR meets the Certificate of Achievement for Excellence in Financial Reporting Program's requirements, and we are submitting it to the GFOA to determine its eligibility for a certificate of award.

The preparation of this report would not have been possible without the hard work and dedication of the Finance Department staff. I would like to thank the City Manager's Office and other City departments for their assistance in providing the data necessary to prepare this report. I also thank the Mayor and the City Council for their prudent financial management and conservative budget policies as good stewards of the financial resources of the City of Buellton.

It has been an honor and a privilege to serve the City of Buellton as Interim Finance Director.

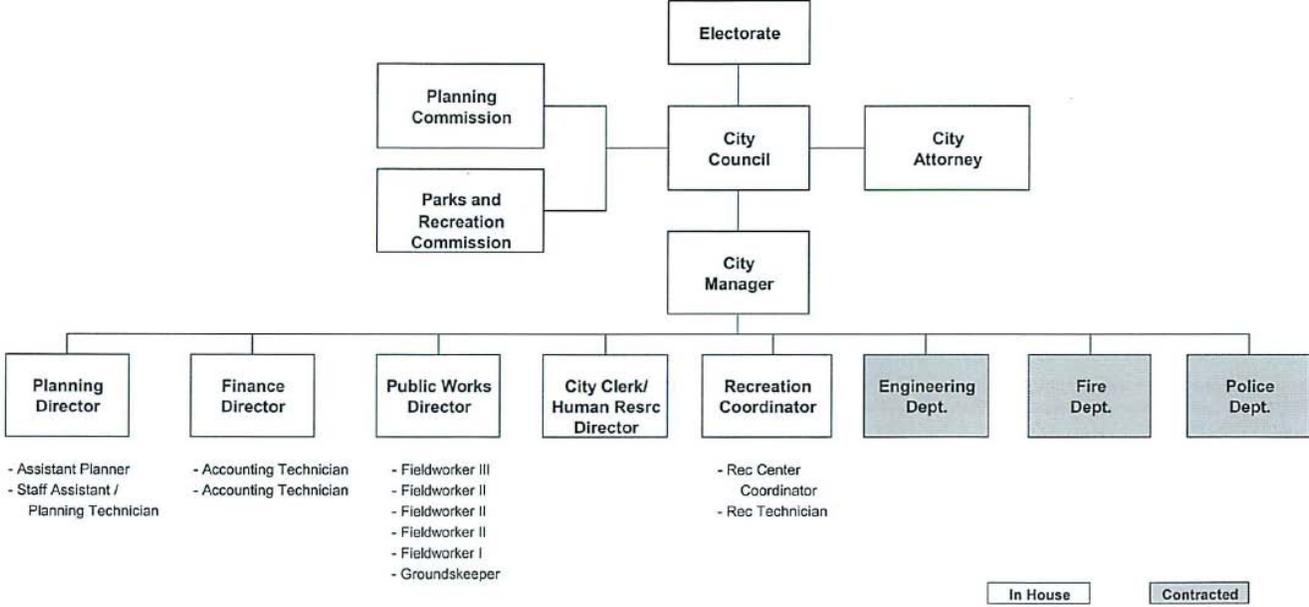
Respectfully submitted,

A handwritten signature in black ink, appearing to read "John Herrera". The signature is fluid and cursive, with a large initial "J" and "H".

John Herrera, CPA
Finance Director (Interim)
City of Buellton, California

**City of Buellton, California
 Comprehensive Annual Financial Report
 For the year ended June 30, 2013**

Organization Chart



City of Buellton California
Comprehensive Annual Financial Report
For the year ended June 30, 2013

List of Officials

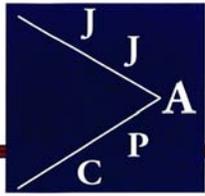
CITY COUNCIL

- Judith Dale, Mayor
- John Connolly, Vice Mayor
- Ed Andrisek
- Leo Elovitz
- Holly Sierra

CITY OFFICIALS

- Marc Bierdzinski, Interim City Manager/Planning Director
- John Herrera, CPA, Interim Finance Director
- Rose Hess, Public Works Director/ City Engineer
- Linda Reid, City Clerk/ Human Resources Director
- Kyle Abello, Parks & Recreation Coordinator
- Barbara Knecht, Recreation Center Coordinator

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JJACPA, Inc.

A Professional Accounting Services Corp.

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and City Council
of the City of Buellton
Buellton, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison information of the City of Buellton, California (City), as of and for the year ended June 30, 2013, 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.

To the Honorable Mayor and City Council
of the City of Buellton
Buellton, California
Page 2

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison information of the City of Buellton, California, as of June 30, 2013, 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

Accounting principles generally accepted in the United States of America require that management's discussion and analysis 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying supplementary information, which includes the combining and individual nonmajor fund financial statements, introductory, and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 combining and individual nonmajor fund financial statements is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

To the Honorable Mayor and City Council
of the City of Buellton
Buellton, California
Page 3

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2013 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

JJACPA, Inc.

November 21, 2013

JJACPA, Inc.

City of Buellton, California
Basic Financial Statements
For the year ended June 30, 2013

Management's Discussion and Analysis

This section provides a narrative overview and analysis of the financial activities of the City of Buellton (City) for the fiscal year ended June 30, 2013. It should be read in conjunction with the accompanying transmittal letter and basic financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the City of Buellton exceeded its liabilities at the close of the most recent fiscal year by \$41,247,281 (net position). Of this amount, \$10,182,409 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The Government's total Net Position increased by \$280,821. This increase is attributable largely to the \$291,281 extraordinary item that reduced the net position in 2012. This transaction is shown on page 9 of this report.
- As of the close of the current fiscal year, the City of Buellton's governmental funds reported combined ending fund balances of \$13,849,314 an increase of \$629,319 in comparison with the prior fiscal year. Approximately 40 percent of this total amount, \$5,555,353 is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, there was an unassigned fund balance for the general fund of \$5,829,005, of which \$3,803,000 is estimated by management to be "spendable" as shown in the adopted fiscal year 2013-14 City budget. There is \$2,026,005 included in the \$5,829,005 General Fund "unassigned" fund balance figure and is not spendable or available.

City of Buellton, California
Basic Financial Statements
For the year ended June 30, 2013

Management's Discussion and Analysis, Continued

OVERVIEW OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT

This Comprehensive Annual Financial Report is in three major parts:

- 1) **Introductory section**, which includes general information;
- 2) **Financial section**, which includes the Management's Discussion and Analysis (this part), the Basic Financial Statements, which include the Government-wide and the Fund Financial Statements along with the notes to these financial statements, and Combining and Individual Fund Financial Statements and Schedules.
- 3) **Statistical section**, which includes detailed information as a context for understanding what the information in the financial statements, and footnotes says about the City's overall financial health.

The Basic Financial Statements

The Basic Financial Statements are comprised of the Government-wide Financial Statements and the Fund Financial Statements; these two sets of financial statements provide two different views of the City's financial activities and financial position.

The Government-wide Financial Statements

The Government-wide Financial Statements provide a broad overview of the City's activities as a whole and comprise the Statement of Net Position and the Statement of Activities. The Statement of Net Position provides information about the financial position of the City as a whole, including all its capital assets and long-term liabilities on the full accrual basis, similar to that used by corporations. The Statement of Activities provides information about all the City's revenues and all its expenses, also on the full accrual basis, with the emphasis on measuring net revenues or expenses of each the City's programs. The Statement of Activities explains in detail the change in Net Position for the year.

All of the City's activities are grouped into Governmental Activities and Business-type activities, as explained below. All the amounts in the Statement of Net Position and the Statement of Activities are separated into Governmental Activities and Business-type Activities in order to provide a summary of these two activities of the City as a whole.

- ◆ **Governmental activities** – All of the City's basic services are considered to be governmental activities, including general government, community development, culture and leisure, public safety, and public works. These services are supported by general City revenues such as taxes and by specific program revenues such as developer fees.

City of Buellton, California
Basic Financial Statements
For the year ended June 30, 2013

Management's Discussion and Analysis, Continued

OVERVIEW OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT, Continued

The Government-wide Financial Statements, Continued

- ◆ **Business-type activities** – All the City's enterprise activities are reported here, including Water and Wastewater. Unlike governmental services, these services are supported by charges paid by users based on the amount of the service they use.

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, 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 can be divided into two categories: governmental funds and proprietary 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.

Because the focus of the Governmental Fund Financial Statements 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 Government-wide Financial Statement. By doing so, readers may better understand the long-term impact of the government's near-term financial 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 Governmental Fund Financial Statements provide detailed information about each of the City's most significant funds, called major funds. The concept of major funds, and the determination of which are major funds, was established by GASB Statement No. 34 and replaces the concept of combining like funds and presenting them as one total. Instead, each major fund is presented individually, with all non-major funds summarized and presented only in a single column. Subordinate schedules present the detail of these non-major funds. Major funds present the major activities of the City for the year, and may change from year to year as a result of changes in the pattern of the City's activities.

City of Buellton, California
Basic Financial Statements
For the year ended June 30, 2013

Management's Discussion and Analysis, Continued

OVERVIEW OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT, Continued

Fund Financial Statements, Continued

For the fiscal year ended June 30, 2013, the City's major funds are as follows:

GOVERNMENTAL FUNDS:

- ◆ General Fund
- ◆ Traffic Mitigation Special Revenue Fund
- ◆ Transportation Planning Special Revenue Fund

PROPRIETARY FUNDS:

- ◆ Water Enterprise Fund
- ◆ Wastewater Enterprise Fund

Proprietary funds. The City maintains Enterprise-type proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the Government-wide Financial Statements. The City uses enterprise funds to account for Water and Wastewater operations. Proprietary funds provide the same type of information as the Government-wide Financial Statements, only in more detail.

Fiduciary funds. The City maintains two private-purpose trust funds and one agency fiduciary fund. The agency funds are used to account for resources held for the benefit of parties outside the government. Since agency funds are custodial in nature, (i.e. assets equal liabilities), they do not involve the measurement of results of operations. Private-purpose trust funds are not reflected in the government-wide financial statements for this reason.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-wide and Fund Financial Statements. The notes to the basic financial statements can be found on pages 45–74 of this report.

Combining and Individual Fund Financial Statements and Schedules

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements can be found on pages 78–93 of this report.

City of Buellton, California
Basic Financial Statements
For the year ended June 30, 2013

Management's Discussion and Analysis, Continued

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, assets exceeded liabilities by \$41,247,281 as of June 30, 2013.

The Summary of Net Position as of June 30, 2013, and 2012, follows:

	Summary of Net Position					
	2013			2012		
	Governmental Activities	Business- type Activities	Total	Governmental Activities	Business- type Activities	Total
Current and other assets	\$ 12,193,361	\$ 5,112,435	\$ 17,305,796	\$ 11,555,453	\$ 5,443,195	\$ 16,998,648
Noncurrent assets	19,727,016	5,420,400	25,147,416	20,887,184	5,563,438	26,450,622
Total assets	31,920,377	10,532,835	42,453,212	32,442,637	11,006,633	43,449,270
Current and other liabilities	351,319	98,008	449,327	301,810	194,597	496,407
Noncurrent liabilities	601,196	155,408	756,604	571,034	112,404	683,438
Total liabilities	952,515	253,416	1,205,931	872,844	307,001	1,179,845
Net Position:						
Net invested in capital assets	17,650,808	5,420,400	23,071,208	17,403,453	5,563,438	22,966,891
Restricted	7,993,664	-	7,993,664	7,991,637	-	7,991,637
Unrestricted	5,323,390	4,859,019	10,182,409	4,871,738	5,136,194	10,007,932
Total net position	\$ 30,967,862	\$ 10,279,419	\$ 41,247,281	\$ 30,266,828	\$ 10,699,632	\$ 40,966,460

Net Position increased by \$280,821 in 2013 due to the extraordinary item in 2012 which is shown on page 9 of this report.

City of Buellton, California
Basic Financial Statements
For the year ended June 30, 2013

Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

The change in Net Position for the fiscal years ended June 30, 2013, and 2012, follows:

	Changes in Net Position					
	2013			2012		
	Governmental Activities	Business- type Activities	Total	Governmental Activities	Business- type Activities	Total
Revenues:						
Program revenues:						
Charges for services	\$ 292,774	\$ 2,110,361	\$ 2,403,135	\$ 199,041	\$ 1,986,776	\$ 2,185,817
Grants and contributions:						
Operating	919,707	3,250	922,957	1,225,407	462	1,225,869
Capital	-	36,380	36,380	-	34,720	34,720
General revenues:						
Secured and unsecured property taxes	1,528,000	-	1,528,000	1,479,869	-	1,479,869
Sales and use tax	1,744,085	-	1,744,085	1,611,788	-	1,611,788
Transient lodging tax	1,344,904	-	1,344,904	1,239,617	-	1,239,617
Franchise taxes	207,922	-	207,922	202,981	-	202,981
Other taxes	381,358	-	381,358	383,604	-	383,604
Investment income	102,197	11,401	113,598	468,543	14,519	483,062
Other general revenues	579	-	579	-	-	-
Total revenues	<u>6,521,526</u>	<u>2,161,392</u>	<u>8,682,918</u>	<u>6,810,850</u>	<u>2,036,477</u>	<u>8,847,327</u>
Expenses:						
Governmental activities:						
General government	1,519,771	-	1,519,771	1,484,345	-	1,484,345
Community development	313,216	-	313,216	1,131,764	-	1,131,764
Culture and leisure	588,733	-	588,733	621,570	-	621,570
Public safety	1,872,020	-	1,872,020	1,350,473	-	1,350,473
Public works	1,526,752	-	1,526,752	862,578	-	862,578
Business-type activities:						
Water	-	1,734,083	1,734,083	-	1,699,457	1,699,457
Sewer	-	847,522	847,522	-	771,940	771,940
Total expenses	<u>5,820,492</u>	<u>2,581,605</u>	<u>8,402,097</u>	<u>5,450,730</u>	<u>2,471,397</u>	<u>7,922,127</u>
Excess (Deficiency) of revenues over expenses before transfers	701,034	(420,213)	280,821	1,360,120	(434,920)	925,200
Extraordinary item	-	-	-	(291,281)	-	(291,281)
Change in net position	701,034	(420,213)	280,821	1,068,839	(434,920)	633,919
Net position:						
Beginning of year	30,266,828	10,699,632	40,966,460	29,197,989	11,134,552	40,332,541
End of year	<u>\$ 30,967,862</u>	<u>\$ 10,279,419</u>	<u>\$ 41,247,281</u>	<u>\$ 30,266,828</u>	<u>\$ 10,699,632</u>	<u>\$ 40,966,460</u>

City of Buellton, California
Basic Financial Statements
For the year ended June 30, 2013

Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Revenues

The City's total revenues for governmental and business-type activities were \$8,682,918 for the fiscal year ended June 30, 2013. Approximately 49% or \$4,231,422 of the City's key revenues are generated from three major sources.

The following discusses variances in key revenues from the prior fiscal year:

- 1. Sales and Use Taxes** – The 8.2% positive change in sales and use tax was mainly due to local vendor retail sales growth and an overall generally improving economy in California.
- 2. Secured and Unsecured Property Taxes** – Annual receipts increased by 3.3%, due to a slowly recovering property values in Santa Barbara County and throughout the state.
- 3. Grants and Contributions – Governmental Activities Operating** – The 24% decrease in Governmental operating grants and contributions was mainly due to street, road, and community enhancement operating grants in the prior year that were for maintenance and operations and not renewed in the current year.

City of Buellton, California
Basic Financial Statements
For the year ended June 30, 2013

Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Expenses

Governmental and business-type activity expenses of the City for the year totaled \$8,402,097. Governmental activity expenses totaled \$5,820,492 or 69% of total expenses. Business-type activities incurred \$2,581,605 of expenses during the fiscal year. Public Safety costs represented 32% of total governmental activities expenses, which represented the largest single expense for governmental activities.

Governmental Activities

The following table shows the cost of each of the City's major programs and the net cost of the programs. Net cost is the total cost less fees and other direct revenue generated by the activities. The net cost reflects the financial burden that was placed on the City's taxpayers by each of the programs. The total cost of services and the net cost of services for the fiscal years ended June 30, 2013, and 2012, are as follows:

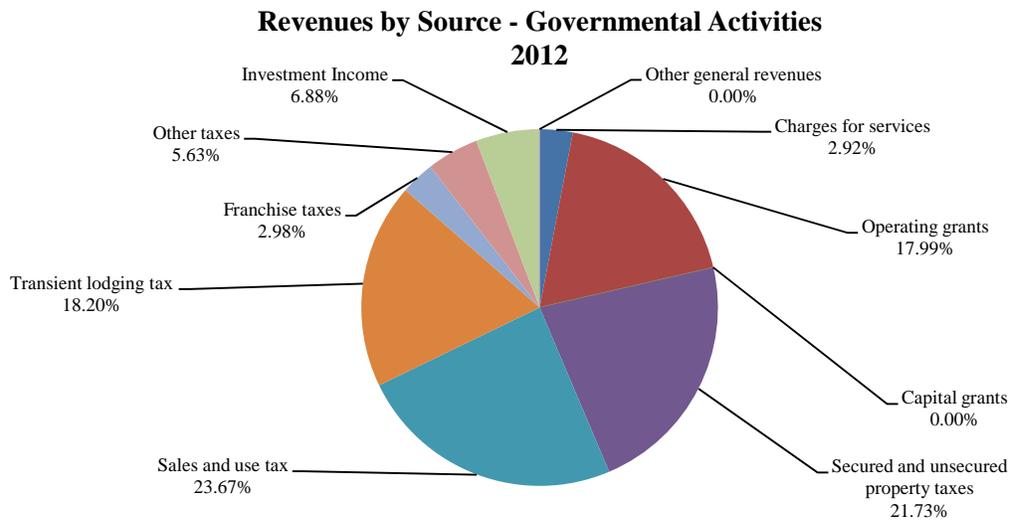
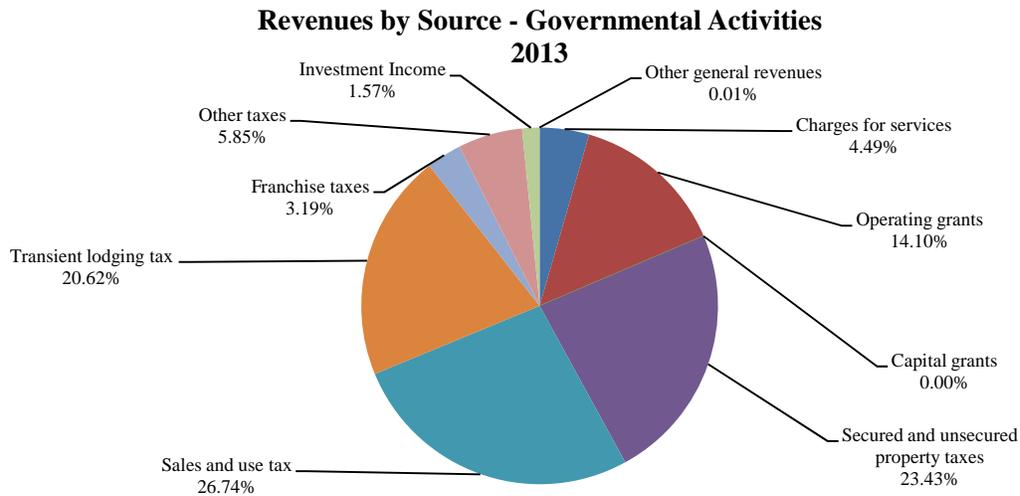
	2013		2012	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
General government	\$ 1,519,771	\$ 1,432,420	\$ 1,484,345	\$ 1,430,694
Community development	313,216	313,216	1,131,764	1,131,764
Culture and leisure	588,733	357,396	621,570	561,784
Public safety	1,872,020	1,724,038	1,350,473	1,183,919
Public works	1,526,752	780,941	862,578	(281,879)
Total	\$ 5,820,492	\$ 4,608,011	\$ 5,450,730	\$ 4,026,282

City of Buellton, California
Basic Financial Statements
For the year ended June 30, 2013

Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Revenues by source for the fiscal years ended June 30, 2013, and 2012, are as follows:



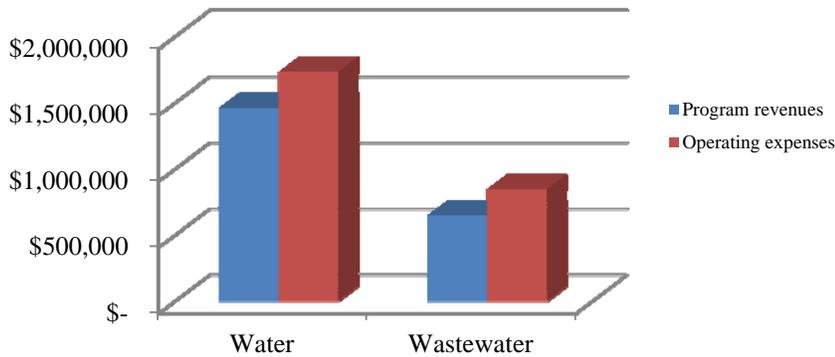
City of Buellton, California
Basic Financial Statements
For the year ended June 30, 2013

Management’s Discussion and Analysis, Continued

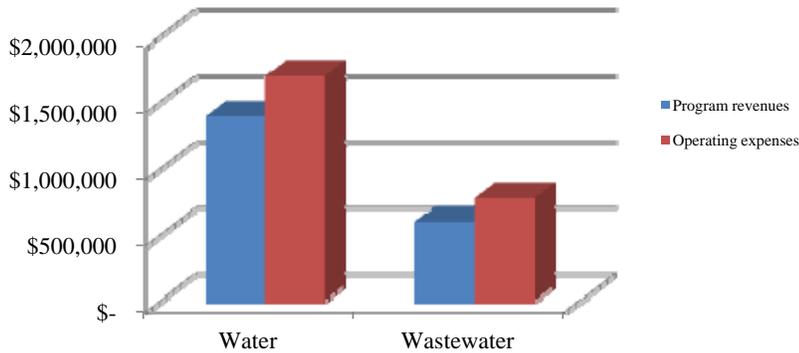
GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Business-type activities. Business-type activities increased the City’s Net Position by \$10,279,419. The City has two business-type activities: Water and Wastewater. Water accounts for 69.3%, and Wastewater accounts for 30.7% of total business-type activity revenue. The expenses and program revenues for the business-type activities for the fiscal year ended June 30, 2013, and 2012, are as follows:

**Expenses and Program Revenues
 Business-type Activities
 2013**



**Expenses and Program Revenues
 Business-type Activities
 2012**

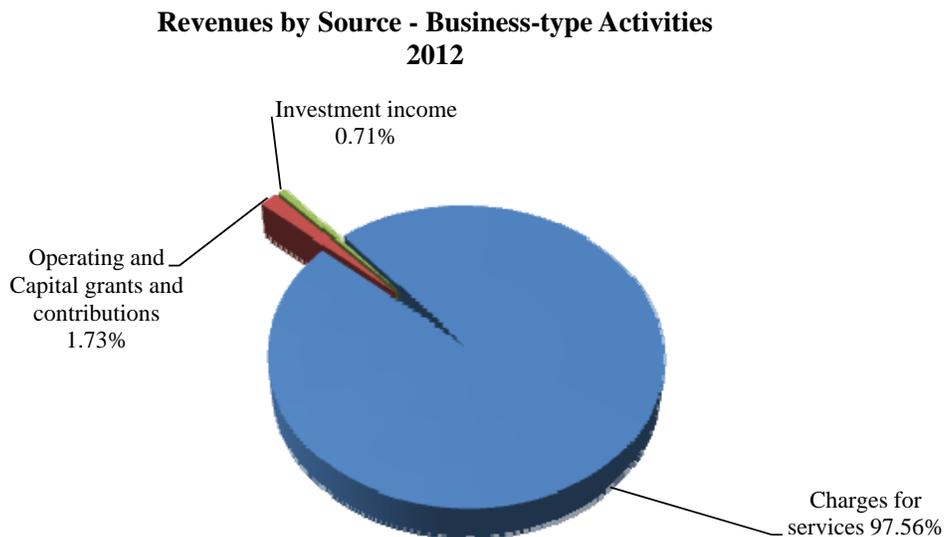
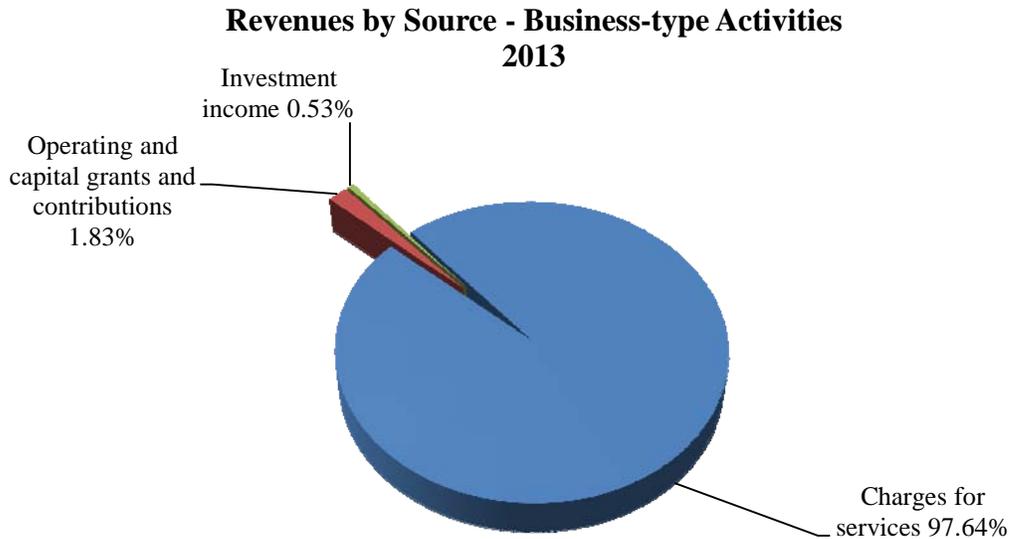


City of Buellton, California
Basic Financial Statements
For the year ended June 30, 2013

Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

The revenues by source for the business-type activities for the fiscal years ended June 30, 2013, and 2012, are as follows:



City of Buellton, California
Basic Financial Statements
For the year ended June 30, 2013

Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Financial Analysis of the Government's Funds

The City of Buellton uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide financial statements.

Governmental funds. The focus of the City of Buellton's governmental funds is to provide information on near term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Buellton's financing requirements. In particular, unassigned 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 Buellton's governmental funds reported combined ending fund balances of \$13,849,314, an increase of \$629,319 in comparison with the prior fiscal year. Approximately 40 percent of this total amount (\$5,555,353) constitutes unassigned fund balance; however, due to \$2,026,005 in governmental fund assets which are not spendable or available, only \$3,529,348 is presented by management as available for spending at the government's discretion. The remainder of fund balance is nonspendable or restricted to indicate that it is not available for new spending because it has already been committed 1) to cover a note receivable for the Housing Fund (\$200,000), 2) to fund amounts prepaid for the following fiscal year (\$100,297), and 3) for a variety of other restricted purposes (\$7,993,664).

The General Fund is the chief operating fund of the City of Buellton. The total fund balance in the general fund is \$12,096,951, of which \$5,829,005 is shown as "unassigned", with only \$3,803,000 presented by the management of the City as "spendable" balances available at June 30, 2013.

The fund balance of the City of Buellton's General Fund increased by \$648,159 during the current fiscal year. Key factors in this growth are as follows:

- A net increase in general fund revenues of \$518,795.
- A net increase in general fund expenditures of \$786,400.

Note that when we factor the reclassification of \$847,939 of expenditures formerly in Special Revenue Funds moved into the General Fund in fiscal year 2013, General Fund expenditures in 2013 actually decreased by a "net" \$61,539. The City transferred \$133,799 from the Storm Water Fund 015, \$699,100 from the Parks & Recreation Fund 028, and \$15,040 from the Landscape Fund 072 in the General Fund at June 30, 2013.

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

Unrestricted Net Position of the water fund at the end of the fiscal year amounted to \$3,204,873 and those for the wastewater fund amounted to \$1,931,321. The total change in unrestricted Net Position for both funds were (\$349,209) and (\$118,742), respectively.

City of Buellton, California
Basic Financial Statements
For the year ended June 30, 2013

Management's Discussion and Analysis, Continued

General Fund Budgetary Highlights

As discussed above, in fiscal year 2013, there were no changes in appropriations between the original and final budgets. However, it is noteworthy to report that the City moved expenditure budgets from three Special Revenue Funds in the Storm Water Fund 015 (\$133,799), Parks & Recreation Fund 028 (\$699,364), and the Landscape Fund 072 (\$15,040) into the General Fund at June 30, 2013. This required budget transfers between funds but overall total City budget did not change.

Capital Assets

The City of Buellton's investment in capital assets for its governmental and business-type activities as of June 30, 2013, amounts to \$23,071,208 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, equipment and infrastructure. The total increase in the City's investment in capital assets for the current fiscal year was \$104,317. Of the total increase, governmental activities showed an increase of \$247,355, resulting from an increase in net depreciable capital assets. Business-type activities decreased by \$143,038, due to an increase in net depreciable capital assets.

	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Land	\$ 1,536,248	\$ 1,536,248	\$ 247,691	\$ 247,691	\$ 1,783,939	\$ 1,783,939
Total Nondepreciable Capital Assets	1,536,248	1,536,248	247,691	247,691	1,783,939	1,783,939
Buildings and improvements	4,221,448	4,221,448	574,387	574,387	4,795,835	4,795,835
Equipment	425,998	385,766	740,718	582,952	1,166,716	968,718
Infrastructure	16,279,484	15,815,655	10,765,834	10,729,454	27,045,318	26,545,109
Total Depreciable Capital Assets	20,926,930	20,422,869	12,080,939	11,886,793	33,007,869	32,309,662
Less: Accumulated Depreciation	4,812,370	4,555,664	6,908,230	6,571,046	11,720,600	11,126,710
Net Depreciable Capital Assets	16,114,560	15,867,205	5,172,709	5,315,747	21,287,269	21,182,952
Net Capital Assets	\$ 17,650,808	\$ 17,403,453	\$ 5,420,400	\$ 5,563,438	\$ 23,071,208	\$ 22,966,891

More detail of the capital assets and current activity can be found in the notes to the financial statements on Page 51 for significant accounting policies and Note 5 on Page 61 for other capital asset information.

Debt Administration

At the end of the current and previous fiscal year, the City of Buellton had no long-term debt outstanding. The City has no general obligation or revenue bonds.

Buellton enjoys a relatively healthy local economy; however, it does not currently have a bond rating because it has zero bonded debt on its balance sheet. When the City decides to go to Wall Street to sell bonds for future infrastructure improvements for Water or Wastewater systems, the City will go before Moody's Investor Service or Fitch's Rating Service for a credit rating. There is a definite need to update the user fees for Water and Wastewater services. An adequate multi-year rate management program will provide the best opportunity for obtaining an investment-grade credit rating for the City of Buellton in the future.

City of Buellton, California
Basic Financial Statements
For the year ended June 30, 2013

Management's Discussion and Analysis, Continued

Economic Outlook

- The City of Buellton lost \$6.2 million from its General Fund due to the dissolution of Redevelopment Agencies in California. However, the City is suing the California Department of Finance and expects resolution to this lawsuit in the near future. Due to the loss of the \$6.2 million of General Fund cash, the City is putting more emphasis conservative budgeting practices, a focus on long-term financial planning and more closely watching its balance sheet and fund reserves.
- As shown on page 25 of this report, the General Fund has a balance of \$5,829,005 presented as unassigned fund balance. To keep readers of these financial statements from thinking that \$5,829,005 represents fund equity available for appropriation, management revised this fund balance amount for managerial reporting purposes. For budgetary purposes in fiscal year 2013.14, management presented fund balance at \$3,803,000, explaining that \$2,026,005 in assets is not spendable, most notably, the \$1,876,208 receivable shown in the asset section of the balance sheet.
- The unemployment rate for the City of Buellton is currently 8.2%. This is comparable to the unemployment rate of 8.0% for Santa Barbara County (the county where Buellton is located), the State of California's average unemployment rate of 10.6% and the national average unemployment rate of 8.6%. Job growth remains low at 0.23%, which is consistent with the national average of 0.35%, however, these figures should improve with the growth in economy as we head into 2014.
- The sales tax rate in Buellton is 7.75%, compared to 5% for the state average. Income per capita is \$26,709 in Buellton, compared to \$26,154 for the nation. Household income is \$62,953, considerably higher than the \$50,935 for the nation.
- The City increased water and wastewater meter rates beginning June 1, 2012 and will continue approximately every six months over a four year period. The last meter rate increase is scheduled for January 2015. Here are the rate increases scheduled during this period:
 - Water Fund rates will be increased by 6% over six years:
 - Rate increases of 1% (2012), 2% (2013), 1% (2014), and 2% (2015).
 - Sewer Fund rates will be increased 7% over seven years:
 - Rate increases of 1% (2011), 2% (2012), 2% (2013), and 2% (2014).
- These rate increases in Water and Sewer are not sufficient to cover operating costs. Management has advised the City Council of the need to revisit rates during the next 18 months.

City of Buellton, California
Basic Financial Statements
For the year ended June 30, 2013

Management’s Discussion and Analysis, Continued

NEXT YEAR’S BUDGETED APPROPRIATIONS

The adopted budget for all City funds for the new fiscal year of 2013-2014 was \$10,788,844. The adopted budget for fiscal year 2012-13 totals \$8,849,025 and is summarized, with CIP expenditures shown in the Citywide CIP row of the chart below for consistent comparison as follows:

	FY 2013-14	FY 2012-13	Amount Change	Percentage Change
General fund	\$ 5,440,370	\$ 4,947,216	\$ 493,154	9.1%
Water & Sewer Funds	2,795,635	2,777,814	17,821	0.6%
Citywide CIP Fund	2,262,089	1,282,492	979,597	43.3%
Special revenue funds	290,750	427,387	(136,637)	(47.0)%
Total budget	\$ 10,788,844	\$ 9,434,909	\$ 1,353,935	6.0%

1. General Fund – Shows an increase of \$493,154 or approximately 9.1%. The increase is the result of operation and personnel increases and reallocations.
2. Water & Sewer Funds – Shows a minimal increase of \$17,821 or approximately 0.6%.
3. Citywide Capital Improvement Program (CIP) Fund – The CIP Fund did not exist in fiscal year 2012-13, however, the City did have capital expenditures budgeted throughout Departments across several funds. In fiscal year 2013-14, the City Council approved the creation of a new Citywide CIP Fund to consolidate the infrastructure improvements budgets from all funds of the City in a single fund. For the budget chart above, we extrapolated the 6507 object of expense accounts titled “infrastructure improvements” and added the CIP budgets to provide a comparison of total CIP expenditure budgets from fiscal year 2012-13 to fiscal year 2013-14, to show a total increase of \$979,597 in CIP expenditure budgets in 2013-14, or approximately 43.3% above the amount budgeted in fiscal year 2012-13.
4. Special Revenue Funds – Show a decrease of \$136,637 or approximately 47%. The decrease is the result of decreased allocations for capital expenditures from these funds.

Requests for Information

This Comprehensive Annual Financial Report is intended to provide citizens, taxpayers, investors, and creditors with a general overview of the City’s finances. If you have any questions about this report, need additional financial information, or would like to obtain component unit financial statements, contact Finance Director, 107 West Highway 246, Buellton, CA 93427, or visit the City’s web page at www.cityofbuellton.com.

BASIC FINANCIAL STATEMENTS

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City of Buellton, California
Statement of Net Position
June 30, 2013

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and investments	\$ 5,295,375	\$ 3,888,529	\$ 9,183,904
Restricted cash and investments	6,169,316	-	6,169,316
Receivables:			
Accounts receivable	609,562	218,836	828,398
Interest receivable	18,811	2,538	21,349
Inventory	-	10,252	10,252
Prepaid items	100,297	992,280	1,092,577
Total current assets	<u>12,193,361</u>	<u>5,112,435</u>	<u>17,305,796</u>
Noncurrent assets:			
Notes receivable	200,000	-	200,000
Advances to fiduciary activities	1,876,208	-	1,876,208
Capital assets:			
Nondepreciable	1,536,248	247,691	1,783,939
Depreciable	16,114,560	5,172,709	21,287,269
Total noncurrent assets	<u>19,727,016</u>	<u>5,420,400</u>	<u>25,147,416</u>
Total assets	<u>31,920,377</u>	<u>10,532,835</u>	<u>42,453,212</u>
LIABILITIES			
Current liabilities:			
Accounts payable	242,053	75,498	317,551
Wages payable	57,747	679	58,426
Deposits payable	51,519	21,831	73,350
Total current liabilities	<u>351,319</u>	<u>98,008</u>	<u>449,327</u>
Noncurrent liabilities:			
Compensated absences	68,936	29,626	98,562
Net OPEB obligation	532,260	125,782	658,042
Total noncurrent liabilities	<u>601,196</u>	<u>155,408</u>	<u>756,604</u>
Total liabilities	<u>952,515</u>	<u>253,416</u>	<u>1,205,931</u>
NET POSITION			
Net Invested in capital assets	17,650,808	5,420,400	23,071,208
Restricted:			
General	6,169,316	-	6,169,316
Streets and roads	1,369,285	-	1,369,285
Housing	455,063	-	455,063
Unrestricted	5,323,390	4,859,019	10,182,409
Total net position	<u>30,967,862</u>	<u>10,279,419</u>	<u>41,247,281</u>
Total liabilities and net position	<u>\$ 31,920,377</u>	<u>\$ 10,532,835</u>	<u>\$ 42,453,212</u>

The accompanying notes are an integral part of these basic financial statements.

City of Buellton, California
Statement of Activities
For the year ended June 30, 2013

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government:				
Governmental activities:				
General government	\$ 1,519,771	\$ 3,975	\$ 83,376	\$ -
Community development	313,216	-	-	-
Culture and leisure	588,733	231,337	-	-
Public safety	1,872,020	47,982	100,000	-
Public works	1,526,752	9,480	736,331	-
Total governmental activities	<u>5,820,492</u>	<u>292,774</u>	<u>919,707</u>	<u>-</u>
Business-type activities:				
Water	1,734,083	1,460,658	2,816	36,380
Wastewater	847,522	649,703	434	-
Total business-type activities	<u>2,581,605</u>	<u>2,110,361</u>	<u>3,250</u>	<u>36,380</u>
Total primary government	<u>\$ 8,402,097</u>	<u>\$ 2,403,135</u>	<u>\$ 922,957</u>	<u>\$ 36,380</u>

General revenues:
 Taxes:
 Secured and unsecured property taxes
 Sales and use tax
 Transient lodging tax
 Franchise taxes
 Other taxes
 Investment income
 Other general revenues
 Total general revenues
 Transfers
 Total general revenues and transfers
 Change in net position
 Net position:
 Beginning of year
 Net Position - Ending

The accompanying notes are an integral part of these basic financial statements.

**Net (Expense) Revenue and
Changes in Net Position**

Governmental Activities	Business-Type Activities	Totals
\$ (1,432,420)	\$ -	\$ (1,432,420)
(313,216)	-	(313,216)
(357,396)	-	(357,396)
(1,724,038)	-	(1,724,038)
(780,941)	-	(780,941)
<u>(4,608,011)</u>	<u>-</u>	<u>(4,608,011)</u>
-	(234,229)	(234,229)
-	(197,385)	(197,385)
-	(431,614)	(431,614)
<u>(4,608,011)</u>	<u>(431,614)</u>	<u>(5,039,625)</u>
1,528,000	-	1,528,000
1,744,085	-	1,744,085
1,344,904	-	1,344,904
207,922	-	207,922
381,358	-	381,358
102,197	11,401	113,598
579	-	579
<u>5,309,045</u>	<u>11,401</u>	<u>5,320,446</u>
-	-	-
<u>5,309,045</u>	<u>11,401</u>	<u>5,320,446</u>
701,034	(420,213)	280,821
30,266,828	10,699,632	40,966,460
<u>\$ 30,967,862</u>	<u>\$ 10,279,419</u>	<u>\$ 41,247,281</u>

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FUND FINANCIAL STATEMENTS
MAJOR FUNDS

Fund	Description
Governmental Funds:	
General Fund	Primary operating fund of the City; accounts for all activities except those legally or administratively required to be accounted for in other funds.
Traffic Mitigation Special Revenue Fund	Accounts for traffic congestion relief funds received for street purposes.
Transportation Planning Special Revenue Fund	Accounts for funds used in the planning for transportation projects restricted by other governments.

City of Buellton, California

Balance Sheet

Governmental Funds

June 30, 2013

	Major Funds				Totals
	General Fund	Traffic Mitigation Special Revenue	Transportation Planning Special Revenue	Nonmajor Governmental Funds	
ASSETS					
Cash and investments	\$ 3,629,261	\$ 55	\$ -	\$ 1,666,059	\$ 5,295,375
Restricted cash and investments	6,169,316	-	-	-	6,169,316
Receivables:					
Accounts	430,380	-	27,071	152,111	609,562
Interest	4,248	-	-	14,563	18,811
Loans/Notes receivable	-	-	-	200,000	200,000
Due from other funds	298,070	-	-	-	298,070
Prepaid items	98,630	-	-	1,667	100,297
Advances to Successor Agency private purpose trust fund	1,876,208	-	-	-	1,876,208
Total assets	\$ 12,506,113	\$ 55	\$ 27,071	\$ 2,034,400	\$ 14,567,639
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 230,960	\$ -	\$ 2,708	\$ 8,385	\$ 242,053
Wages payable	57,747	-	-	-	57,747
Compensated absences	68,936	-	-	-	68,936
Deposits payable	51,519	-	-	-	51,519
Due to other funds	-	157,717	140,353	-	298,070
Total liabilities	409,162	157,717	143,061	8,385	718,325
Fund balances:					
Nonspendable:					
Prepaid items	98,630	-	-	1,667	100,297
Notes receivable	-	-	-	200,000	200,000
Restricted	6,169,316	-	-	1,824,348	7,993,664
Unassigned (deficit)	5,829,005	(157,662)	(115,990)	-	5,555,353
Total fund balances	12,096,951	(157,662)	(115,990)	2,026,015	13,849,314
Total liabilities and fund balances	\$ 12,506,113	\$ 55	\$ 27,071	\$ 2,034,400	\$ 14,567,639

The accompanying notes are an integral part of these basic financial statements.

City of Buellton, California
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2013

Total fund balances - total governmental funds \$ 13,849,314

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds balance sheet. 17,650,808

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds balance sheet.

Net OPEB obligation	\$ (532,260)	<u>(532,260)</u>	
Net position of governmental activities			<u><u>\$ 30,967,862</u></u>

The accompanying notes are an integral part of these basic financial statements.

City of Buellton, California

Reconciliation of Fund Basis Balance Sheet to Government-wide Statement of Net Position

Governmental Activities

June 30, 2013

	Governmental Funds Balance Sheet	Reclassifications	Changes in GAAP	Statement of Net Position
ASSETS				
Current assets:				
Cash and investments	\$ 5,295,375	\$ -	\$ -	\$ 5,295,375
Restricted cash and investments	6,169,316			6,169,316
Receivables:				
Accounts receivable	609,562	-	-	609,562
Interest receivable	18,811	-	-	18,811
Notes receivable	200,000	-	-	200,000
Advances to private purpose trust/fiduciary activities	1,876,208	-	-	1,876,208
Prepaid items	100,297	-	-	100,297
Due from other funds	298,070	(298,070)	-	-
Total current assets	14,567,639	(298,070)	-	14,269,569
Noncurrent assets:				
Capital assets, net:				
Nondepreciable	-	-	1,536,248	1,536,248
Depreciable	-	-	16,114,560	16,114,560
Total noncurrent assets	-	-	17,650,808	17,650,808
Total assets	\$ 14,567,639	\$ (298,070)	\$ 17,650,808	\$ 31,920,377
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 242,053	\$ -	\$ -	\$ 242,053
Wages payable	57,747	-	-	57,747
Deposits payable	51,519	-	-	51,519
Due to other funds	298,070	(298,070)	-	-
Total current liabilities	649,389	(298,070)	-	351,319
Noncurrent liabilities:				
Compensated absences	68,936	-	-	68,936
Net OPEB obligation	-	-	532,260	532,260
Total noncurrent liabilities	68,936	-	532,260	601,196
Total liabilities	718,325	(298,070)	532,260	952,515
FUND BALANCES/NET POSITION				
Fund balances:				
Nonspendable				
Prepaid items	100,297	(100,297)	-	-
Advances receivable	200,000	(200,000)	-	-
Restricted				
General	6,169,316	(6,169,316)	-	-
Streets and roads	1,369,285	(1,369,285)	-	-
Housing	455,063	(455,063)	-	-
Unassigned (deficit)	5,555,353	(5,555,353)	-	-
Net position:				
Net invested in capital assets	-	-	17,650,808	17,650,808
Restricted	-	7,993,664	-	7,993,664
Unrestricted	-	5,855,650	(532,260)	5,323,390
Total fund balances/ net position	13,849,314	-	17,118,548	30,967,862
Total liabilities and net position	\$ 14,567,639	\$ (298,070)	\$ 17,650,808	\$ 31,920,377

The accompanying notes are an integral part of these basic financial statements.

City of Buellton, California
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2013

	Major Funds				Totals
	General Fund	Traffic Mitigation Special Revenue	Transportation Planning Special Revenue	Other Governmental Funds	
REVENUES:					
Taxes	\$ 5,246,898	\$ -	\$ -	\$ -	\$ 5,246,898
Licenses, permits, and fees	13,666	-	-	-	13,666
Intergovernmental	183,376	-	27,071	668,631	879,078
Charges for services	165,717	-	-	-	165,717
Fines and forfeitures	49,261	-	-	-	49,261
Use of money and property	151,913	43	-	10,356	162,312
Other	4,594	-	-	-	4,594
Total revenues	5,815,425	43	27,071	678,987	6,521,526
EXPENDITURES:					
Current:					
General government	1,317,924	-	-	-	1,317,924
Community development	313,216	-	-	-	313,216
Culture and leisure	575,128	-	-	-	575,128
Public safety	1,872,020	-	-	-	1,872,020
Public works	1,033,733	-	23,188	247,044	1,303,965
Capital outlay	55,328	-	-	454,710	510,038
Total expenditures	5,167,349	-	23,188	701,754	5,892,291
REVENUES OVER (UNDER) EXPENDITURES	648,076	43	3,883	(22,767)	629,235
Net change in fund balances	648,076	43	3,883	(22,767)	629,235
FUND BALANCES (DEFICITS):					
Beginning of year	11,448,875	(157,705)	(119,873)	2,048,782	13,220,079
End of year	\$ 12,096,951	\$ (157,662)	\$ (115,990)	\$ 2,026,015	\$ 13,849,314

The accompanying notes are an integral part of these basic financial statements.

City of Buellton, California

Reconciliation of Fund Basis Statements to Government-wide Statement of Activities

For the year ended June 30, 2013

Functions/Programs	Fund Based Totals	Compensated Absences	Depreciation	Capital Asset Additions/ (Retirements)	Net OPEB Obligation	Government- wide Totals
Governmental activities:						
General government	\$ 1,317,924	\$ 5,715	\$ 20,313	\$ 5,978	\$ 169,841	\$ 1,519,771
Community development	313,216	-	-	-	-	313,216
Culture and leisure	575,128	-	13,605	-	-	588,733
Public safety	1,872,020	-	-	-	-	1,872,020
Public works	1,303,965	-	222,787	-	-	1,526,752
Capital outlay	510,038	-	-	(510,038)	-	-
Total governmental activities	\$ 5,892,291	\$ 5,715	\$ 256,705	\$ (504,060)	\$ 169,841	\$ 5,820,492

The accompanying notes are an integral part of these basic financial statements.

City of Buellton, California

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, 2013

Net change in fund balances - total governmental funds	\$ 629,235
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:

Capital asset purchases capitalized	\$ 504,060	
Capital asset retirements	-	
Depreciation expense	<u>(256,705)</u>	247,355

Some 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:

Change in compensated absences	<u>(5,715)</u>	(5,715)
--------------------------------	----------------	---------

Certain employee benefit obligations are recorded on a pay-as-you-go basis in the governmental funds, but are accrued as liabilities in the Statement of Net Position:

Net OPEB obligation	<u>(169,841)</u>	(169,841)
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Change in net position of governmental activities		<u><u>\$ 701,034</u></u>
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The accompanying notes are an integral part of these basic financial statements.

City of Buellton, California

**Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget to Actual - General Fund and Major Special Revenue Funds
For the year ended June 30, 2013**

	General Fund			Variance w/Final Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES:				
Taxes	\$ 4,017,500	\$ 4,017,500	\$ 5,246,898	\$ 1,229,398
Licenses, permits, and fees	4,000	4,000	13,666	9,666
Intergovernmental	-	-	183,376	183,376
Charges for services	123,000	123,000	165,717	42,717
Fines and forfeitures	31,500	31,500	49,261	17,761
Use of money and property	116,615	116,615	151,913	35,298
Other	3,750	3,750	4,594	844
Total revenues	4,296,365	4,296,365	5,815,425	1,519,060
EXPENDITURES:				
Current:				
General government	1,094,738	1,094,738	1,317,924	(223,186)
Community development	339,654	339,654	313,216	26,438
Culture and leisure	692,534	569,534	575,128	(5,594)
Public safety	1,787,656	1,787,656	1,872,020	(84,364)
Public works	1,115,506	1,115,506	1,033,733	81,773
Capital outlay	110,703	110,703	55,328	55,375
Total expenditures	5,140,791	5,017,791	5,167,349	(149,558)
REVENUES OVER (UNDER) EXPENDITURES	(844,426)	(721,426)	648,076	1,369,502
Net change in fund balances	(844,426)	(721,426)	648,076	1,369,502
FUND BALANCES:				
Beginning of year	11,448,875	11,448,875	11,448,875	-
End of year	<u>\$ 10,604,449</u>	<u>\$ 10,727,449</u>	<u>\$ 12,096,951</u>	<u>\$ 1,369,502</u>

The accompanying notes are an integral part of these basic financial statements.

Traffic Mitigation Special Revenue Fund				Transportation Planning Special Revenue Fund			
Budgeted Amounts		Actual	Variance w/Final Positive (Negative)	Budgeted Amounts		Actual	Variance w/Final Positive (Negative)
Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	27,071	27,071
-	-	-	-	-	-	-	-
-	43	43	-	-	-	-	-
-	-	-	-	-	-	-	-
-	43	43	-	-	-	27,071	27,071
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	25,000	25,000	23,188	1,812
-	-	-	-	-	-	-	-
-	-	-	-	25,000	25,000	23,188	1,812
-	43	43	-	(25,000)	(25,000)	3,883	28,883
-	43	43	-	(25,000)	(25,000)	3,883	28,883
(157,705)	(157,705)	(157,705)	-	(119,873)	(119,873)	(119,873)	-
<u>\$ (157,705)</u>	<u>\$ (157,662)</u>	<u>\$ (157,662)</u>	<u>\$ -</u>	<u>\$ (144,873)</u>	<u>\$ (144,873)</u>	<u>\$ (115,990)</u>	<u>\$ 28,883</u>

(continued)

City of Buellton, California

**Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget to Actual - General Fund and Major Special Revenue Funds
For the year ended June 30, 2013**

	Total			Variance w/Final Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES:				
Taxes	\$ 4,017,500	\$ 4,017,500	\$ 5,246,898	\$ 1,229,398
Licenses, permits, and fees	4,000	4,000	13,666	9,666
Intergovernmental	-	-	210,447	210,447
Charges for services	123,000	123,000	165,717	42,717
Fines and forfeitures	31,500	31,500	49,261	17,761
Use of money and property	116,615	116,658	151,956	35,298
Other	3,750	3,750	4,594	844
Total revenues	4,296,365	4,296,408	5,842,539	1,546,131
EXPENDITURES:				
Current:				
General government	1,094,738	1,094,738	1,317,924	(223,186)
Community development	339,654	339,654	313,216	26,438
Culture and leisure	692,534	569,534	575,128	(5,594)
Public safety	1,787,656	1,787,656	1,872,020	(84,364)
Public works	1,140,506	1,140,506	1,056,921	83,585
Capital outlay	110,703	110,703	55,328	55,375
Total expenditures	5,165,791	5,042,791	5,190,537	(147,746)
REVENUES OVER (UNDER) EXPENDITURES	(869,426)	(746,383)	652,002	1,398,385
Net change in fund balances	(869,426)	(746,383)	652,002	1,398,385
FUND BALANCES:				
Beginning of year	11,171,297	11,171,297	11,171,297	-
End of year	<u>\$ 10,301,871</u>	<u>\$ 10,424,914</u>	<u>\$ 11,823,299</u>	<u>\$ 1,398,385</u>

The accompanying notes are an integral part of these basic financial statements.

(concluded)

PROPRIETARY FUNDS

Fund	Description
MAJOR FUNDS:	
Water Fund	Accounts for revenues and expenses associated with the City's Water enterprise operation.
Wastewater Fund	Accounts for all activities associated with the operation and maintenance of providing Sewer services.

City of Buellton, California
Statement of Net Position
Proprietary Funds
June 30, 2013

	<u>Water Fund</u>	<u>Wastewater Fund</u>	<u>Totals</u>
ASSETS			
Current assets:			
Cash and investments	\$ 2,001,986	\$ 1,886,543	\$ 3,888,529
Receivables:			
Accounts	148,938	69,898	218,836
Interest	1,357	1,181	2,538
Inventory	10,252	-	10,252
Prepaid items	976,913	15,367	992,280
Total current assets	<u>3,139,446</u>	<u>1,972,989</u>	<u>5,112,435</u>
Noncurrent assets:			
Capital assets, net			
Buildings and improvements	822,078	-	822,078
Equipment	368,073	372,645	740,718
Infrastructure	5,443,655	5,322,179	10,765,834
Less: accumulated depreciation	(3,617,312)	(3,290,918)	(6,908,230)
Total capital assets (net of accumulated depreciation)	<u>3,016,494</u>	<u>2,403,906</u>	<u>5,420,400</u>
Total noncurrent assets	<u>3,016,494</u>	<u>2,403,906</u>	<u>5,420,400</u>
Total assets	<u>\$ 6,155,940</u>	<u>\$ 4,376,895</u>	<u>\$ 10,532,835</u>
LIABILITIES AND NET POSITION			
Current liabilities:			
Accounts payable	\$ 41,850	\$ 33,648	\$ 75,498
Wages payable	679	-	679
Deposits	21,831	-	21,831
Total current liabilities	<u>64,360</u>	<u>33,648</u>	<u>98,008</u>
Noncurrent liabilities:			
Compensated absences	14,813	14,813	29,626
Net OPEB obligation	62,891	62,891	125,782
Total noncurrent liabilities	<u>77,704</u>	<u>77,704</u>	<u>155,408</u>
Total liabilities	<u>142,064</u>	<u>111,352</u>	<u>253,416</u>
Net Position:			
Net invested in capital assets	3,016,494	2,403,906	5,420,400
Unrestricted	2,997,382	1,861,637	4,859,019
Total net position	<u>6,013,876</u>	<u>4,265,543</u>	<u>10,279,419</u>
Total liabilities and net position	<u>\$ 6,155,940</u>	<u>\$ 4,376,895</u>	<u>\$ 10,532,835</u>

The accompanying notes are an integral part of these basic financial statements.

City of Buellton, California
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the year ended June 30, 2013

	Water Fund	Wastewater Fund	Totals
OPERATING REVENUES:			
Charges for services	\$ 1,460,658	\$ 649,703	\$ 2,110,361
Other operating revenues	2,382	-	2,382
Total operating revenues	1,463,040	649,703	2,112,743
OPERATING EXPENSES:			
Personnel services	291,081	283,523	574,604
Operations and maintenance	1,276,730	393,087	1,669,817
Depreciation	166,272	170,912	337,184
Total operating expenses	1,734,083	847,522	2,581,605
OPERATING LOSS	(271,043)	(197,819)	(468,862)
NONOPERATING REVENUES:			
Reimbursements	434	434	868
Interest revenue	5,611	5,790	11,401
Total non-operating revenues, net	6,045	6,224	12,269
NET INCOME BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS			
Capital contributions	36,380	-	36,380
Total capital contributions	36,380	-	36,380
CHANGE IN NET POSITION	(228,618)	(191,595)	(420,213)
NET POSITION:			
Beginning of year	6,242,494	4,457,138	10,699,632
End of year	<u>\$ 6,013,876</u>	<u>\$ 4,265,543</u>	<u>\$ 10,279,419</u>

The accompanying notes are an integral part of these basic financial statements.

City of Buellton, California
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2013

	Water Fund	Wastewater Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received (refunds paid) from (to) customers/users for services provided	\$ 1,449,113	\$ 642,739	\$ 2,091,852
Cash payments to suppliers for goods and services	(1,455,942)	(393,790)	(1,849,732)
Cash payments to employees for services	(268,900)	(262,021)	(530,921)
Net cash provided by operating activities	<u>(275,729)</u>	<u>(13,072)</u>	<u>(288,801)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Reimbursements	434	434	868
Net cash used by noncapital financing activities	<u>434</u>	<u>434</u>	<u>868</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Capital grants received	36,380	-	36,380
Acquisition and construction of capital assets	(145,145)	(49,001)	(194,146)
Net cash (used) by capital and related financing activities	<u>(108,765)</u>	<u>(49,001)</u>	<u>(157,766)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment income received	5,858	6,291	12,149
Net cash provided by investing activities	<u>5,858</u>	<u>6,291</u>	<u>12,149</u>
Net increase (decrease) in cash and cash equivalents	(378,202)	(55,348)	(433,550)
CASH AND CASH EQUIVALENTS:			
Beginning of year	2,380,188	1,941,891	4,322,079
End of year	<u>\$ 2,001,986</u>	<u>\$ 1,886,543</u>	<u>\$ 3,888,529</u>
Reconciliation of income from operations to net cash provided by operating activities:			
Operating income	\$ (271,043)	\$ (197,819)	\$ (468,862)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	166,272	170,912	337,184
(Increase) decrease in current assets:			
Accounts receivable	(11,241)	(6,964)	(18,205)
Inventory	28	-	28
Prepaid items	(87,960)	2,599	(85,361)
Increase (decrease) in liabilities:			
Accounts payable	(91,280)	(3,302)	(94,582)
Accrued wages	679	-	679
Deposits payable	(2,686)	-	(2,686)
Compensated absences	2,861	2,861	5,722
OPEB payable	18,641	18,641	37,282
Net cash provided by operating activities	<u>\$ (275,729)</u>	<u>\$ (13,072)</u>	<u>\$ (288,801)</u>

The accompanying notes are an integral part of these basic financial statements.

There were no noncash investing, capital, or financing activities affecting recognized assets and liabilities for the year ended June 30, 2013.

City of Buellton, California
Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2013

	<u>Successor Agency</u>		<u>Totals</u>
	<u>Private Purpose Trust Funds</u>	<u>Deposits Agency Fund</u>	
ASSETS			
Current Assets:			
Cash and investments	\$ 78,803	\$ 140,632	\$ 219,435
Prepays	1,460	-	1,460
Total current assets	<u>80,263</u>	<u>140,632</u>	<u>220,895</u>
Noncurrent Assets			
Property, plant and equipment, net	345,683	-	345,683
Total noncurrent Assets:	<u>345,683</u>	<u>-</u>	<u>345,683</u>
Total assets	<u>\$ 425,946</u>	<u>\$ 140,632</u>	<u>\$ 566,578</u>
LIABILITIES AND NET POSITION			
Current Liabilities:			
Accounts payable	\$ 641	\$ -	\$ 641
Refundable deposits	-	140,632	140,632
Total current liabilities:	<u>641</u>	<u>140,632</u>	<u>141,273</u>
Noncurrent liabilities:			
Advances from Governmental Activities	1,876,208	-	1,876,208
Total noncurrent liabilities	<u>1,876,208</u>	<u>-</u>	<u>1,876,208</u>
Total liabilities	<u>1,876,849</u>	<u>\$ 140,632</u>	<u>2,017,481</u>
Net Position (Deficit)			
Net deficit held in trust for Redevelopment Dissolution	<u>(1,450,903)</u>		<u>(1,450,903)</u>
Total liabilities and net position	<u>\$ 425,946</u>		<u>\$ 566,578</u>

The accompanying notes are an integral part of these basic financial statements.

City of Buellton, California
Statement of Changes in Fiduciary Net Position
Private Purpose Trust Funds
For the year ended June 30, 2013

	Successor Agency
	<u>Private Purpose Trust Fund</u>
ADDITIONS:	
Property taxes	\$ 204,890
Investment earnings	<u>444</u>
Total additions:	205,334
DEDUCTIONS:	
Community development	<u>104,045</u>
Total deductions:	1,827,212
CHANGE IN FIDUCIARY NET POSITION	(1,621,878)
NET POSITION (DEFICIT):	
Beginning of year	<u>170,975</u>
End of year	<u><u>\$ (1,450,903)</u></u>

The accompanying notes are an integral part of these basic financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

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City of Buellton, California
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For the year ended June 30, 2013

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City of Buellton, California
Notes to Basic Financial Statements
For the year ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Buellton, California (City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Boards (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. Financial Reporting Entity

The City of Buellton (City) was incorporated in 1992, under the laws and regulations of the State of California (State). The City operates under a City Council/Manager form of government and provides the following services: public safety (Police and Fire), highways and streets, water service, wastewater, public improvements, planning and zoning, and general administration.

The financial statements of the City have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. On June 15, 1987, GASB issued a codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The City applies all GASB pronouncements to its activities.

In addition, the City applies all Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARB) issued after November 30, 1989, unless they conflict with or contradict GASB pronouncements. The more significant of these accounting policies are described below and, where appropriate, subsequent pronouncements will be referenced.

The City was incorporated under the General Laws of the State of California and enjoys all the rights and privileges pertaining to such "General Law" cities. The City uses the City Council/Manager form of government. The financial reporting entity consists of: (a) the primary government, the City; (b) organizations for which the primary government is financially accountable; and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the primary government's exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

City of Buellton, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

A. Financial Reporting Entity, Continued

The following is a brief review of the component units included in the accompanying basic financial statements of the City:

Former Redevelopment Agency of the City of Buellton (RDA) was established in fiscal year 1992-93 pursuant to the State of California Health and Safety Codes, Section 33000, entitled “Community Redevelopment Law.” Its purpose is to prepare and carry out plans for the improvement, rehabilitation, and redevelopment of blighted areas within the territorial limits of the City. In fiscal year 2012-12, due to dissolution of all redevelopment agencies by the State, all redevelopment activities were transferred to a Successor Agency reported in private purpose trust funds.

The City is the primary government unit. Component units are those entities which are financially accountable to the primary government, either because the City appoints a voting majority of the component unit’s board, or because the component unit will provide a financial benefit or impose a financial burden on the City. The City has no component units reported in these financial statements.

B. Basis of Accounting and Measurement Focus

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

Government–Wide Financial Statements

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

These government-wide financial statements are presented on an “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all of the City’s assets and liabilities, including capital assets and related infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in Net Position.

Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

City of Buellton, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Government–Wide Financial Statements, continued

Certain types of transactions are reported as program revenues for the City in three categories:

- Charges for services
- Operating grants and contributions
- Capital grants and contributions

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. Transactions between governmental and business-type activities have not been eliminated. The following interfund activities have been eliminated:

- Due to/from other funds
- Advances to/from other funds
- Transfers in/out

The City applies all applicable GASB pronouncements (including all National Council on Governmental Accounting (NCGA) Statements and Interpretations currently in effect) as well as the following pronouncements issued on or before November 30, 1989, to the business-type activities, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARB) of the committee on Accounting Procedure. The City applies all applicable FASB Statements and Interpretations issued after November 30, 1989, to proprietary funds, except those that conflict with or contradict GASB pronouncements.

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in Net Position as presented in these statements to the Net Position presented in the government-wide financial statements. The City has presented all major funds that met the applicable criteria. The following were the City's major governmental funds:

- ***The General Fund*** - Accounts for all general revenues of the city not specifically levied or collected for other City funds and the related expenditures. The General Fund accounts for all financial resources of a governmental unit which are not accounted for in other funds.

City of Buellton, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Governmental Fund Financial Statements, Continued

Major governmental funds, continued

- ***Traffic Mitigation Special Revenue Fund*** - Accounts for traffic congestion relief funds received for street purposes.
- ***Transportation Planning Special Revenue Fund*** - Accounts for funds used in the planning for transportation projects restricted by other governments.

All governmental funds are accounted for on a spending or “*current financial resources*” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balances present increases (revenue and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

Revenues are recorded when received in cash, except those revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property tax, sales tax, intergovernmental revenues, and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Deferred revenues arise when potential revenues do not meet both the “measurable” and “available” criteria for recognition in the current period. Deferred revenues also arise when the government receives resources before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods when both revenue recognition criteria are met or when the government has a legal claim to the resources, the deferred revenue is removed from the balance sheet and revenue is recognized.

Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences between the two methods of measurement focus.

City of Buellton, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Proprietary Fund Financial Statements

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses, and Change in Net Position, and a Statement of Cash Flows for all proprietary funds. The City has determined that all its enterprise funds are major funds. The following were the City's major enterprise funds:

- ***The Water Fund*** - This fund was established as a separate fund to account for the operation of the City's water utility. It is a self-supporting activity that provides services on a user-charge basis to residents and businesses located in the City.
- ***The Wastewater Fund*** - This fund was established as a separate fund to account for the operation of the City's wastewater utility. It is a self-supporting activity that provides services on a user-charge basis to residents and businesses located in the City.

Proprietary funds are accounted for using the “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position presents increases (revenues) and decreases (expenses) in total Net Position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which a liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as nonoperating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as nonoperating expenses.

Fiduciary Fund Financial Statements

Private Purpose Trust Funds

Private Purpose Trust Funds account for resources held for other individuals or entities in a manner similar to private enterprise.

Agency Funds

Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

The fiduciary funds are accounted for using the accrual basis of accounting.

City of Buellton, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. Cash, Cash Equivalents, and Investments

The City pools its available cash for investment purposes. The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturity of three months or less from the date of acquisition. Cash and cash equivalents are combined with investments and displayed as Cash and Investments. For purposes of the statement of cash flows of the proprietary fund types, cash and cash equivalents include all investments, as the City operates an internal cash management pool which maintains the general characteristics of a demand deposit account.

Disclosure requirements for Deposits and Investment Risks were made in the following areas:

- Interest Rate Risk
- Credit Risk
 - Overall
 - Custodial Credit Risk
 - Concentrations of Credit Risk

In addition, other disclosures are specified including use of certain methods to present deposits and investments, highly sensitive investments, credit quality at year-end, and other disclosures.

Highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

The City participates in the Local Agency Investment Fund (LAIF), an investment pool managed by the State of California. LAIF has invested a portion of the pool funds in Structured Notes and Asset-Backed Securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-Backed Securities are subject to market risk as a result of changes in interest rates.

D. Restricted Cash and Investments

Certain restricted cash and investments are held by fiscal agents for the redemption of bonded debt and for acquisition and construction of capital projects. Cash and investments are also restricted for deposits held for others within the enterprise funds.

E. Inventories

The City accounts for inventories using the first-in, first-out method. Inventories in the Water Fund consist primarily of meters and are carried at cost.

City of Buellton, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

F. Capital Assets

Government-Wide Financial Statements

Capital assets are valued at historical cost or estimated historical cost if actual historical cost was not available. Donated fixed assets are valued at their estimated fair market value on the date donated. City policy is to capitalize all capital assets with costs exceeding a minimum threshold of \$2,000 and with useful lives exceeding one year. Depreciation is recorded on a straight-line basis over estimated useful lives of the assets as follows:

Structures and Improvements	50 years
Machinery and Equipment	3-15 years
Infrastructure	15-100 years

The City defines infrastructure as the basic physical assets that allow the City to function. The assets include streets, wastewater, park lands, and buildings. Each major infrastructure system can be divided into subsystems. For example, the street system can be subdivided into pavement, curb and gutters, sidewalks, medians, streetlights, landscaping, and land. These subsystems were not delineated in the basic financial statements. The appropriate operating department maintains information regarding the subsystems.

Interest accrued during capital assets construction, if any, is capitalized for the business-type and proprietary funds as part of the asset cost.

For all infrastructure systems, the City elected to use the Basic Approach defined by GASB Statement No. 34, which requires all infrastructures be reported at historical cost and be depreciated over their estimated useful lives.

G. Long-Term Liabilities

Government-Wide Financial Statements

Long-term debt and other financial obligations are reported as liabilities in the appropriate activities. 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 premium or discount. Issuance costs are reported as deferred outflows if they constitute bond insurance.

City of Buellton, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

G. Long-Term Liabilities, continued

Fund Financial Statements

The Governmental Fund Financial Statements do not present long-term debt. Consequently, long-term debt is shown as a reconciling item in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position.

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

Proprietary Fund Financial Statements use the same principles as those used in the Government-Wide Financial Statements.

H. Compensated Absences

Government-Wide Financial Statements

For governmental and business-type activities, compensated absences are recorded as incurred and the related expenses and liabilities are reported in the appropriate activity.

Fund Financial Statements

In compliance with Governmental Accounting Standards Board Statement *No.* 16, the City has established a liability for accrued vacation in relevant funds. For governmental type funds, the current liability appears in the respective funds. All vacation paid is accrued when incurred in the government-wide and proprietary funds financial statements. This liability is set up for the current employees at the current rates of pay. Each fiscal year, an adjustment to the liability is made based on pay rate changes and adjustments for the current portion. The General Fund is primarily responsible for the repayment of the governmental portion of compensated absences.

Accumulated employee sick leave benefits are not recognized as liabilities of the City. The City's policy is to record sick leave as an operating expense in the period taken since such benefits do not vest nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits when the employee retires.

City of Buellton, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

I. Net Position and Fund Equity

Government-Wide Financial Statements

In the Government-Wide Financial Statements, Net Position are classified in the following categories:

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

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

Net Position – This amount is all Net Position that does not meet the definition of “invested in capital assets” or “restricted Net Position.”

Fund Financial Statements

Governmental fund equity is classified as fund balance. Fund balance is classified as nonspendable, restricted, committed, assigned or unassigned. Proprietary fund equity is classified the same as in the government-wide statements. The classifications for governmental funds are defined as follows for the City:

Nonspendable Fund Balance –

- Assets that will never convert to cash (prepaid items, inventory).
- Assets that will not convert to cash soon enough to affect the current period (long-term notes or loans receivable).
- Resources that must be maintained intact pursuant to legal or contractual requirements (the principal of an endowment).

Restricted Fund Balance –

- Resources that are subject to externally enforceable legal restrictions imposed by parties altogether outside the government (Creditors, Grantors, Contributors and Other Governments).
- Resources that are subject to limitations imposed by law through constitutional provisions or enabling legislation (Gas Tax).

Committed Fund Balance –

- Self imposed limitations set in place prior to the end of the period. (Encumbrances, economic contingencies and uncertainties)
- Limitation at the highest level of decision-making (Council) that requires formal action at the same level to remove.

City of Buellton, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

I. Net Position and Fund Equity, Continued

Fund Financial Statements, Continued

Assigned Fund Balance –

- Amounts in excess of nonspendable, restricted, and committed fund balance in funds other than the general fund automatically are reported as assigned fund balance.

Unassigned Fund Balance –

- Residual net resources
- Total fund balance in the general fund in excess of nonspendable, restricted, committed and assigned fund balance (surplus).
- Excess of nonspendable, restricted, and committed fund balance over total fund balance (deficit).

J. Property Taxes

California Constitution Article XIII A, limits the combined property tax rate to one percent of a property's assessed valuation. Additional taxes may be imposed with voter approval. Assessed value is calculated at one hundred percent of a property's fair value, as defined by Article XIII A, and may be increased no more than two percent per year unless a change in ownership occurs. The State Legislature has determined the method of distributing the one percent tax levy among the various taxing jurisdictions.

Property tax revenues are recognized in the fiscal year for which taxes have been levied, and collected within sixty days of fiscal year end. Property taxes are billed and collected as follows:

	<u>Secured</u>	<u>Unsecured</u>
Valuation/Lien Dates	January 1	January 1
Levy Dates	July 1	August 1
Due Dates	November 1 (50%) February 1 (50%)	
Delinquency Dates	December 10 (Nov.) April 10 (Feb)	August 31

The City adopted an alternative method of property tax distribution (the "Teeter Plan"). Under this method, the City receives 100% of its secured property tax levied in exchange for foregoing any interest and penalties collected on delinquent taxes. The City receives payments as a series of advances made by the County throughout the fiscal year. The secured property tax levy is recognized as revenue upon receipt including the final payment, which generally is received within 60 days after the fiscal year end.

City of Buellton, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

K. Use of Estimates

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

L. Reclassifications

Certain amounts have been reclassified to provide for comparable results on a year to year basis.

M. Interfund Balances/Internal Balances

Advances to and advances from other funds represent interfund loans in the fund financial statements. Advances between funds are offset by a fund liability or by deferred revenue in the applicable governmental funds to indicate that they are not expendable available financial resources. Any unpaid interest due to lack of funds in the borrowing fund increases the principal owed and is reported in the lending fund as deferred revenue.

All other outstanding balances between funds are reported as due to and due from other funds. These are generally repaid within the following fiscal year.

Any residual balances outstanding between the governmental activities and business-type activities are reported in the Government-Wide Financial Statements as “internal balances.”

N. Use of Restricted and Unrestricted Net Position

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

O. Budgetary Accounting

The City followed these procedures in establishing the budgetary data reflected in the financial statements:

- Public hearings are conducted to obtain public comments. The City Council annually adopts the budget for the ensuing fiscal year prior to July 1st.
- The City Manager is authorized to transfer budgetary amounts within a Department; however, any revisions that alter the total expenditures of any Department must be approved by the City Council.
- Legally adopted budgets and formal budgetary integration is employed as a management control device during the year for all funds.
- All Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

City of Buellton, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

O. Budgetary Accounting, continued

- Budgeted revenue amounts represent the original budget modified by adjustments authorized during the year. Budgeted expenditure amounts represent original appropriations adjusted for supplemental appropriations during the year which were contingent upon new or additional revenue sources and reappropriated amounts for prior year encumbrances. The City Manager may amend the budgeted amounts within departmental expenditure classifications. Appropriation revisions made during the year ended June 30, 2013, were not significant.

Appropriations lapse at the end of the fiscal year and then are rebudgeted for the coming year. Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations from the proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller, returned to the taxpayers through revised tax rates or revised fees schedules, or an excess in one year may be offset against a deficit in the following year. For the fiscal year ended June 30, 2013, based on the calculations by City Management, proceeds of taxes did not exceed the appropriations limit. Budgeted appropriations for the various governmental funds become effective each July 1. The City Council may amend the budget during the fiscal year. The legal level of budgetary control has been established at the fund level. Appropriations generally lapse at the end of the fiscal year to the extent they have not been expended or encumbered.

City of Buellton, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

2. CASH AND INVESTMENTS

At June 30, 2013, the City's pooled cash and investments, classified by maturity, consisted of the following stated at fair market value:

	Maturities (in years)			Deposits	Fair Market Value
	< 1	1 to 2	> 2		
<u>Cash equivalents and investments pooled</u>					
Pooled cash, at fair value:					
Cash in bank	\$ -	\$ -	\$ -	\$ 508,806	\$ 508,806
Money Market Savings	-	-	-	203,711	203,711
Petty cash	-	-	-	650	650
Total pooled items	-	-	-	713,167	713,167
Pooled investments, at fair value					
<u>Interest obligations</u>					
State Bank of India - Negotiable CD	-	125,972	-	-	125,972
Negotiable Certificates of Deposit 1.2% - 1.85% \$2,233,000 par	-	-	2,250,757	-	2,250,757
State of California Local Agency Investment Fund	12,482,759	-	-	-	12,482,759
Total pooled investments - interest obligations	12,482,759	125,972	2,250,757	-	14,859,488
Total cash equivalents and investments pooled	\$ 12,482,759	\$ 125,972	\$ 2,250,757	\$ 713,167	\$ 15,572,655
Amounts reported in:					
Governmental activities					\$ 5,295,375
Governmental activities - restricted					6,169,316
Business-type activities					3,888,529
Fiduciary activities					219,435
Total					\$ 15,572,655

Investment Type	Fair Value	Maturity (in years)
Negotiable Certificatres of Deposit	\$ 2,376,729	4
Local Agency Investment Fund	12,482,759	1.58
Total fair value	\$ 14,859,488	
Portfolio weighted average maturity		1.79

California statutes authorize cities to invest idle or surplus funds in a variety of credit instruments as provided for in the California Government Code, Section 53600, Chapter 4 – Financial Affairs. The table below identifies the investment types that are authorized for the City by the California Government Code (or the City's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. During the year ended June 30, 2013, the City's permissible investments included the following instruments:

City of Buellton, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

2. CASH AND INVESTMENTS, Continued

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Bankers' Acceptances	180 days	40%	30%
Commercial Paper	270 days	15%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base value	None
Money Market Mutual Funds	N/A	20%	10%
Local Agency Investment Fund.	N/A	None	None

Interest rate risk – In accordance with its investment policy, the City manages its exposures to declines in fair values by limiting the weighted average maturity of its investment portfolio to not exceed 5 years. As of June 30, 2013, the weighted average maturity was 1.79 years.

Credit risk – It is the City’s policy that medium-term notes, with a final maturity not exceeding five years from the date of purchase, must have a rating of “AAAm” or “AAAm-G” or better by the Standard & Poor’s Corporation. The LAIF, administered by the State of California, has a separate investment policy, governed by Government Code Sections 16480-16481.2, that provides credit standards for its investments.

Concentration of credit risk – The City’s investment policy does not allow for an investment in any one issuer that is in excess of five percent of the government’s total investments. The investments made by the City Treasurer are limited to those allowable under State statutes as incorporated into the City’s Investment Policy, which is accepted annually by the City Council. There were no concentrations in any one issuer for the year.

The City participates in an investment pool managed by the State of California titled Local Agency Investment Fund (LAIF) which has invested none of the pool funds in Structured Notes and Asset-Backed Securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-Backed Securities are subject to market risk as to changes in interest rates.

City of Buellton, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

2. CASH AND INVESTMENTS, Continued

Custodial credit risk – deposits. For deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's Investment Policy addresses custodial credit risk, which follows the Government Code. As of June 30, 2013, the City had a balance of \$222,484 in the pool exposed to custodial credit risk because they exceeded the \$250,000 Federal Deposit Insurance Corporation's insurance limits. The uninsured bank balance is collateralized by the pledging financial institutions at 110% of the deposits, in accordance with the State of California Government Code.

Custodial credit risk – investments. For investments, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside counterparty. For the investments maintained by the City, no security was uninsured or unregistered or held by a brokerage firm which is also the counterparty for the security.

At June 30, 2013, the carrying amount of the City's deposits was \$713,167 and the balances in financial institutions was \$694,525. Of the balance in financial institutions, \$534,960 was covered by federal depository insurance and \$159,565 was collateralized as required by State law (Government Code Section 53630), by the pledging financial institution with assets held in a common pool for the City and other governmental agencies, but not in the name of the City. As of June 30, 2013, the City's investments were held by the City's custodial agent, but not in the City's name, and were insured up to specified limits by the Securities Investor Protection Corporation (SIPC) and supplemental private insurance up to a limit of \$150 million.

Investment in LAIF: LAIF is stated at amortized cost, which approximates fair value. The LAIF is a special fund of the California State Treasury through which local governments may pool investments. The total fair value amount invested by all public agencies in LAIF is \$58,852,094,221 of which the City had a balance of \$12,482,759, which approximated market value and was managed by the State Treasurer. Of the total invested, 100% was invested in non-derivative financial products. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

City of Buellton, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

3. ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following at June 30, 2013:

	Governmental Activities	Business-type Activities	Total
Current:			
Accounts receivable	\$ 609,562	\$ 218,836	\$ 828,398
Interest receivable	18,811	2,538	21,349
Total current	<u>\$ 628,373</u>	<u>\$ 221,374</u>	<u>\$ 849,747</u>
Noncurrent:			
Notes receivable	200,000	-	200,000
Total noncurrent	<u>200,000</u>	<u>-</u>	<u>200,000</u>
Total receivables	<u><u>\$ 828,373</u></u>	<u><u>\$ 221,374</u></u>	<u><u>\$ 1,049,747</u></u>

These amounts resulted in the following concentrations in receivables:

Other Governments	19.1%
Individuals/Businesses	78.9%
Financial	2.0%

Amounts do not indicate a significant concentration (greater than 25%) with any single individual, business, or agency.

4. LOANS AND NOTES RECEIVABLE

The City extended a loan in the amount of \$200,000 on September 13, 1998 to Horizon Homes Association, LP. The annual rate is 3% of outstanding principal per annum. Interest payments are due monthly, and the remaining principal is due on September 16, 2018. The principal balance of the note at June 30, 2013, was \$200,000. On October 24, 2013, the Council approved the transfer of the loan from the Successor Agency of the Former Buellton Redevelopment Agency to the Housing Authority of Santa Barbara County.

City of Buellton, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

5. CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended June 30, 2013, was as follows:

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
<u>Governmental activities:</u>				
Nondepreciable assets:				
Land	\$ 1,536,248	\$ -	\$ -	\$ 1,536,248
Total nondepreciable assets	<u>1,536,248</u>	<u>-</u>	<u>-</u>	<u>1,536,248</u>
Depreciable assets:				
Buildings and improvements	4,221,448	-	-	4,221,448
Equipment	385,766	40,232	-	425,998
Infrastructure	15,815,655	463,829	-	16,279,484
Total depreciable assets	<u>20,422,869</u>	<u>504,061</u>	<u>-</u>	<u>20,926,930</u>
Total	<u>21,959,117</u>	<u>504,061</u>	<u>-</u>	<u>22,463,178</u>
Accumulated depreciation:				
Buildings and improvements	(397,136)	(33,463)	-	(430,599)
Equipment	(331,989)	(26,734)	-	(358,723)
Infrastructure	(3,826,539)	(196,509)	-	(4,023,048)
Total accumulated depreciation	<u>(4,555,664)</u>	<u>(256,706)</u>	<u>-</u>	<u>(4,812,370)</u>
Net depreciable assets	<u>15,867,205</u>	<u>247,355</u>	<u>-</u>	<u>16,114,560</u>
Total net capital assets	<u>\$ 17,403,453</u>	<u>\$ 247,355</u>	<u>\$ -</u>	<u>\$ 17,650,808</u>

Capital asset activity for business-type activities for the year ended June 30, 2013, was as follows:

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
<u>Business-type activities</u>				
Nondepreciable assets:				
Land	\$ 247,691	\$ -	\$ -	\$ 247,691
Total nondepreciable assets	<u>247,691</u>	<u>-</u>	<u>-</u>	<u>247,691</u>
Depreciable assets:				
Buildings and improvements	574,387	-	-	574,387
Equipment	582,952	157,766	-	740,718
Infrastructure	10,729,454	36,380	-	10,765,834
Total depreciable assets	<u>11,886,793</u>	<u>194,146</u>	<u>-</u>	<u>12,080,939</u>
Total	<u>12,134,484</u>	<u>194,146</u>	<u>-</u>	<u>12,328,630</u>
Accumulated depreciation:				
Buildings and improvements	(472,405)	(13,288)	-	(485,693)
Equipment	(447,874)	(38,351)	-	(486,225)
Infrastructure	(5,650,767)	(285,545)	-	(5,936,312)
Total accumulated depreciation	<u>(6,571,046)</u>	<u>(337,184)</u>	<u>-</u>	<u>(6,908,230)</u>
Net depreciable assets	<u>5,315,747</u>	<u>(143,038)</u>	<u>-</u>	<u>5,172,709</u>
Total net capital assets	<u>\$ 5,563,438</u>	<u>\$ (143,038)</u>	<u>\$ -</u>	<u>\$ 5,420,400</u>

City of Buellton, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

5. CAPITAL ASSETS, Continued

Depreciation Allocations

Depreciation expense was charged to function and programs based on their usage of the related assets. The amounts allocated to each function or programs were as follows:

Governmental Activities:			
General government		\$	20,314
Culture and leisure			13,605
Public works			222,787
			<u>222,787</u>
Total depreciation expense governmental activities		\$	<u>256,706</u>
Business-type Activities:			
Water		\$	166,272
Wastewater			170,912
			<u>170,912</u>
Total depreciation expense - business-type activities		\$	<u>337,184</u>

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consisted of the following at June 30, 2013:

	Governmental Activities	Business-type Activities	Fiduciary Activities	Total
Accounts payable	\$ 242,053	\$ 75,498	\$ 641	\$ 318,192
Wages payable	57,747	679	-	58,426
Deposits payable	51,519	21,831	-	73,350
	<u>51,519</u>	<u>21,831</u>	<u>-</u>	<u>73,350</u>
Total	<u>\$ 351,319</u>	<u>\$ 98,008</u>	<u>\$ 641</u>	<u>\$ 449,968</u>

These amounts resulted in the following concentrations in payables:

Vendors	70.7%
Employees	13.0%
Individuals/Businesses	16.3%

Amounts do not indicate a significant concentration (greater than 25%) with any single vendor or employee.

City of Buellton, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

7. NONCURRENT LIABILITIES

Changes in Noncurrent Liabilities

Noncurrent liability activity for the fiscal year ended June 30, 2013, was as follows:

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013	Due Within One Year
Governmental Activities:					
Claims liabilities	\$ 82,690	\$ -	\$ (82,690)	\$ -	\$ -
Compensated absences	56,396	12,627	(87)	68,936	-
Net OPEB Obligation	362,419	210,342	(40,501)	532,260	-
Total Governmental Activities:	<u>\$ 501,505</u>	<u>\$ 222,969</u>	<u>\$ (123,278)</u>	<u>\$ 601,196</u>	<u>\$ -</u>
Business-type activities:					
Compensated absences	\$ 23,904	\$ 5,722		\$ 29,626	\$ -
Net OPEB Obligation	88,500	46,173	(8,891)	125,782	-
Total Business-type Activities:	<u>\$ 112,404</u>	<u>\$ 51,895</u>	<u>\$ (8,891)</u>	<u>\$ 155,408</u>	<u>\$ -</u>

Claims liabilities

The City has no recorded liability for potential claims in excess of amounts covered by the insurance pool for the year ended June 30, 2013. See Note 10 for further discussion on the City's risk management activities.

Compensated Absences

Governmental Accounting Standards Board Statement No. 16 identifies certain items that should be accrued as a liability as the benefits are earned by the employees but only to the extent it is probable that the employer will compensate the employees for the benefits through cash payments conditioned on the employee's termination or retirement.

City employees accumulate earned but unused benefits which can be converted to cash at termination of employment. The non-current portion of these vested benefits at June 30, 2013, total \$68,936 for governmental activities and \$29,626 for business-type activities.

Net OPEB Obligation

A net OPEB Obligation is the cumulative difference between annual OPEB cost and an employer's contribution to a plan. At June 30, 2013, the City had a total net OPEB Obligation of \$658,042. Governmental activities was \$532,260 and business-type activities was \$125,782. See Note 12 for further discussion on OPEB.

City of Buellton, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

8. NET POSITION/ FUND BALANCES

Net Position

	Governmental Activities	Business-type Activities	Totals
Net invested in capital assets	\$ 17,650,808	\$ 5,420,400	\$ 23,071,208
Restricted	7,993,664	-	7,993,664
Unrestricted	5,323,390	4,859,019	10,182,409
Total	<u>\$ 30,967,862</u>	<u>\$ 10,279,419</u>	<u>\$ 41,247,281</u>

- Restricted balances are for the same purposes as fund balance restrictions because external restriction requirements are the same. See descriptions of the restrictions below

Fund Balance

Nonspendable, Restricted, and Unassigned (deficit) fund balance consisted of the following at June 30, 2013:

Nonspendable:	
Prepaid items	\$ 100,297
Notes receivable	200,000
Total nonspendable	<u>\$ 300,297</u>
Restricted for:	
General	\$ 6,169,316
Streets and roads	1,369,285
Housing	455,063
Total restricted	<u>\$ 7,993,664</u>
Unassigned (deficit):	
General Fund	\$ 5,829,005
Nonmajor governmental funds	(273,652)
Total unassigned (deficit)	<u>\$ 5,555,353</u>
Total fund balances	<u>\$ 13,849,314</u>

The following describe the purpose of each nonspendable, restriction and unassigned used by the City:

Nonspendable

Prepaid items - used to segregate that portion of fund balance to indicate that prepaid amounts do not represent available, spendable resources even though they are components of assets.

City of Buellton, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

8. NET POSITION/ FUND BALANCES, Continued

Nonspendable, continued

Notes receivable – used to indicate that the long-term note receivable is unavailable for current financial, spendable resources.

Restricted

General – represents amounts restricted as a result of the dissolution of the Buellton Redevelopment Agency.

Streets and Roads – represents amounts restricted for streets and roads maintenance as provided by Highways and Streets Regulations and Local Measures.

Housing – includes amounts set aside to increase the number of affordable housing units as provided by affordable housing regulations.

There were no Deficit Net Position balances at June 30, 2013.

Deficit fund balances consisted of the following at June 30, 2013:

Major Special Revenue Funds:

Traffic Mitigation Funds - (\$157,662)

Transportation Planning - (\$115,990)

These amounts will be eliminated over time as resources become available through grants and intergovernmental revenues.

Excess of Expenditures and Transfers Over Appropriations: Expenditures and transfers exceeded appropriations for the year ended June 30, 2013, for the following funds:

	<u>Final Budget</u>	<u>Total Expenditures and Transfers</u>	<u>Excess Expenditures Over Appropriations</u>
<u>Governmental Activities</u>			
Major Funds:			
General Fund	\$ 5,017,791	\$ 5,167,349	\$ (149,558)
Non-major Funds:			
Special Revenue Funds:			
Measure D	-	55,881	(55,881)
Local Transportation	97,250	102,848	(5,598)

City of Buellton, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

9. INTERFUND TRANSACTIONS

Due to and due from other funds consisted of the following as of June 30, 2013:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
<u>Governmental Activities</u>		
Major Funds:		
General Fund	\$ 298,070	\$ -
Traffic Mitigation Special Revenue	-	157,717
Transportation Planning Special Revenue	-	140,353
Total Major Funds	<u>298,070</u>	<u>298,070</u>
Total Governmental Activities	<u>298,070</u>	<u>298,070</u>
Total	<u><u>\$ 298,070</u></u>	<u><u>\$ 298,070</u></u>

Due to and from balances result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Advances receivable and payable constitute long-term borrowing between the City and the Successor Agency. Each advance carries a stated interest rate and has scheduled debt service payments. Advances receivable and payable balances at June 30, 2013, are as follows:

An advance in the amount of \$1,876,208 was made from the General Fund to the Successor Agency Non-Housing Private Purpose Trust Fund as a result of the dissolution of redevelopment agencies in the State of California.

City of Buellton, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

10. RISK MANAGEMENT

Description of Self-Insurance Pool Pursuant to Joint Powers Agreement

The City of Buellton 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 lines of coverage. The California JPIA began covering claims of its members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine member Executive Committee.

Self-Insurance Programs of the Authority

Amount	Coverage Provider	Payment Source
General and Automobile Liability Claims:		
\$0 - \$30,000	Charged directly to the City's primary deposit	City funds
30,001 - 750,000	Pooled based on the City's share of losses under \$30,000	City funds
750,001 - 5,000,000	Pooled based on payroll	Authority
5,000,001 - 10,000,000	Paid under reinsurance policies	Authority
10,000,001 - 50,000,000	Covered through purchase of excess insurance policies	Authority
Workers' Compensation Claims:		
\$0 - \$50,000	Charged directly to City's primary deposit	City funds
50,001 - 100,000	Pooled based on the member's share of losses under \$50,000	City funds
100,001 - 2,000,000	Pooled based on payroll	Authority
2,000,001 - 4,000,000	Covered through purchase of excess insurance policies	Authority
4,000,001 - 10,000,000	Covered through purchase of excess insurance policies	Authority

Purchased Insurance

Environmental Insurance – The City of Buellton participates in the pollution legal liability and remediation legal liability insurance which is available through the Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City of Buellton. Coverage is on a claims-made basis. There is a \$50,000 deductible.

Property Insurance – The City of Buellton participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. City of Buellton property is currently insured according to a schedule of covered property submitted by the City of Buellton to the Authority. City of Buellton property currently has all-risk property insurance protection in the amount of \$12,802,732. 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.

City of Buellton, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

10. RISK MANAGEMENT, Continued

Earthquake and Flood Insurance – The City of Buellton purchases earthquake and flood insurance on a portion of its property. The earthquake insurance is part of the property protection insurance program of the Authority. City of Buellton property currently has earthquake protection in the amount of \$6,262,385. There is a deductible of 5% per unit of value with a minimum deductible of \$100,000. Premiums for the coverage are paid annually and are not subject to retroactive adjustments.

Crime Insurance – The City of Buellton purchases crime insurance coverage in the amount of \$1,000,000 with a \$2,500 deductible. The fidelity coverage is provided through the Authority. Premiums are paid annually and are not subject to retroactive adjustments.

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 fiscal year.

11. PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Plan Description

The City of Buellton's defined benefit pension plan, Public Employees' Retirement System (PERS), provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS is part of the Public Agency portion of the California Public Employees' Retirement System, (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions as well as other requirements are established by State statutes with the Public Employees' Retirement Law. The City selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance (other local methods). CalPERS issues a separate comprehensive Comprehensive Annual Financial Report. Copies of the CalPERS' Comprehensive Annual Financial Report may be obtained from the CalPERS Executive Office – 400 P Street - Sacramento, CA 95814.

Funding Policy

The City contributes the employee and employer shares for the Miscellaneous Plan. The City of Buellton is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for the fiscal year 2012/2013 was 11.320% of annual payroll. The contribution requirements of the plan members are established by the State statute and the employer contribution rate is established and may be amended by CalPERS. The City of Buellton's contributions to CalPERS for the fiscal years ended June 30, 2013, 2012, and 2011, were \$156,732, \$142,413, and \$124,757, respectively, and equal 100% of the required contributions for each fiscal year.

City of Buellton, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

12. POSTEMPLOYMENT HEALTH CARE BENEFITS

Plan Description

Medical coverage is provided through CalPERS under the Public Employees' Medical and Hospital Care Act (PEMHCA), also referred to as PERS Health. The City contributes up to \$800 per month on behalf of each active employee and covered dependents. The employee is responsible for excess, if any of the total PEMHCA premium over \$800 per month.

The City offers the same medical plans to its retirees as to its active employees, with the general exception that upon reaching age 65 and becoming eligible for Medicare, the retiree must join one of the Medicare Supplement coverage's offered under PEMHCA.

Employees become eligible to retire and receive City-paid healthcare benefits upon attainment of age 50 and 5 years of covered PERS service, or by attaining qualifying disability retirement status. The City's contribution on behalf of retirees is the same as for active employees - 1'00% of PEMHCA premium for retiree and covered dependents, but not to exceed \$800 per month. Benefits continue for the lifetime of the retiree with survivor benefits extended to surviving spouses.

Membership of the plan consisted of the following at June 30, 2013

Retirees and beneficiaries receiving benefits	8
Current staff receiving benefits	0
Other participants not yet fully eligible for benefits	18
Total	26

The City pays a 0.43% of premium administrative fee on behalf of employees and retirees.

Funding Policy

As required by GASB Statement No. 45, an actuary will determine the City's Annual Required Contribution (ARC) at least once every two fiscal years. The ARC is calculated in accordance with certain parameters, and includes (1) the Normal Cost for one year, and (2) a component for amortization of the total unfunded actuarial accrued liability (UAL) over a period not to exceed 30 years. GASB Statement No. 45 does not require pre-funding of OPEB benefits. Therefore, the City's funding policy is to continue to pay healthcare premiums for retirees as they fall due. The City has elected not to establish an irrevocable trust at this time. The City Council reserves the authority to review and amend this funding policy from time to time, in order to ensure that the funding policy continues to best suit the circumstances of the City.

City of Buellton, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

12. POSTEMPLOYMENT HEALTH CARE BENEFITS, Continued

Annual OPEB Cost and Net OPEB Obligation

The City's annual other postemployment benefit cost (expense) is calculated based on the annual required contribution (ARC) of the employer. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

The following table shows the components of the City's annual OPEB Cost for the fiscal year ended June 30, 2013, the amount actually contributed to the plan, and changes in the City's Net OPEB obligation:

Annual required contribution (ARC)	\$ 264,555
Interest on net OPEB Obligation	18,037
Adjustment to annual required contribution	<u>(26,077)</u>
Annual OPEB cost (expense)	\$ 256,515
Employer contributions made	<u>(49,392)</u>
Increase (Decrease) in net OPEB obligation	\$ 207,123
Net OPEB Obligation - beginning of year	<u>450,919</u>
Net OPEB Obligation - end of year	<u><u>\$ 658,042</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for fiscal year 2013 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/11	\$ 200,387	23%	\$ 313,781
6/30/12	187,650	27%	450,919
6/30/13	256,515	19%	658,042

Funded Status and Funding Progress

The funded status of the plan as June 30, 2013, the Plan's most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	\$ 1,862,711
Actuarial value of Plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	\$ 1,862,711
Funded ratio (actuarial value of Plan assets/AAL)	0%
Covered payroll (active Plan participants)	\$ 1,164,087
UAAL as a percentage of covered payroll	160.0%

12. POSTEMPLOYMENT HEALTH CARE BENEFITS, Continued

Actuarial valuations of an ongoing plan involve estimates of the value of expected benefit payments 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 multi-year trend information about whether the actuarial value of 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 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.

The plan's most recent actuarial valuation was performed as of July 1, 2013. In that valuation, the Projected Unit Credit (PUC) Cost Method was used. The actuarial assumptions included a 4 percent investment rate (net of administrative expense) and an annual health care cost trend rate of 8 percent to better reflect expectations of average premium increases over the next several years. The City's unfunded actuarial accrued liability is being amortized as a level dollar amount on an open basis over 30 years. The remaining amortization period as of July 1, 2013, was 30 years.

13. SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 (“the Bill”) that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Buellton that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, either the city or another unit of local government will agree to serve as the “successor agency” to hold the assets until they are distributed to other units of state and local government. On June 4, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of City resolution number 12-02.

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

City of Buellton, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

13. SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY, Continued

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

The Bill directs the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2012. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by the Bill.

Management believes, in consultation with legal counsel, that the obligations of the former redevelopment agency due to the City are valid enforceable obligations payable by the successor agency trust under the requirements of the Bill. The City's position on this issue is not a position of settled law and there is considerable legal uncertainty regarding this issue. It is reasonably possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue unfavorably to the City.

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012. Prior to that date, the final seven months of the activity of the redevelopment agency continued to be reported in the governmental funds of the City included in the fund financial statements as Former Redevelopment Agency Community Development Fund.

After the date of dissolution, the assets and activities of the dissolved redevelopment agency are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City. The transfer of the assets and liabilities of the former redevelopment agency as of February 1, 2012 (effectively the same date as January 31, 2012) from governmental funds of the City to fiduciary funds was reported in the governmental funds as an extraordinary loss (or gain) in the governmental fund financial statements. The receipt of these assets and liabilities as of January 31, 2012 was reported in the private-purpose trust fund as an extraordinary gain (or loss) in the June 30, 2012 financial statements.

Because of the different measurement focus of the governmental funds (*current financial resources measurement focus*) and the measurement focus of the trust funds (*economic resources measurement focus*), the extraordinary loss (gain) recognized in the governmental funds was not the same amount as the extraordinary gain (loss) that was recognized in the fiduciary fund financial statements.

City of Buellton, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

13. SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY, Continued

Investment in Land and Building Held for Resale – consists of a commercial condominium purchased by the Former Redevelopment Agency for the Visitor’s Bureau headquarters. The purchase cost was \$345,683 and represents the value received for disposition by the Successor Agency.

As part of the dissolution process the City remitted \$1,723,167 to the County for distribution with regard to Housing funds held by the City. This resulted in the closing of the Successor Agency Housing Private Purpose Trust Fund.

14. COMMITMENTS AND CONTINGENCIES

The City is a party to claims and lawsuits arising in the ordinary course of business. The City’s management and legal council are of the opinion that the ultimate liability, if any, arising from these claims will not have material adverse impact on the financial position of the City. The City participates in a number of federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

15. JOINT OPERATING AGREEMENTS

Water operations – The Central Coast Water Authority (CCWA) is a Joint Power Authority authorized to finance, develop, operate, and maintain the Mission Hills and Santa Ynez extension to the Coastal Branch Phase II Extension of the California aqueduct of the State water project. Each member has entered into a water supply agreement with the Authority to pay their proportionate share of the project costs from local water revenues. These costs are reported in the Water Fund as operations and maintenance.

16. NEW ACCOUNTING PRONOUNCEMENTS

The GASB has issued Statement No. 65, “Item Previously Reported as Assets and Liabilities.” This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The City implemented this Statement in Fiscal year 2012-13.

The GASB has issued Statement No. 66, “Technical Corrections – 2013”. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The implementation of this Statement did not have an effect on these financial statements.

City of Buellton, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2013

16. NEW ACCOUNTING PRONOUNCEMENTS, Continued

The GASB has issued Statement No. 67, “Financial Reporting for Pension Plans”. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement replaces the requirements of Statements No. 25, “Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans” and No. 50, “Pension Disclosures” as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 25 and 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions. This Statement is effective for periods beginning after June 15, 2013. The implementation of this statement will not have an effect on these financial statements.

The GASB has issued Statement No. 68, “Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27” The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement establishes accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions through pension plans that are covered by the scope of this Statement, as well as for nonemployer governments that have a legal obligation to contribute to those plans. This Statement will be effective for periods beginning after June 15, 2014. The City will implement this Statement in fiscal year 2014-15.

The GASB has issued Statement No. 69, “Government Combinations and Disposals of Government Operations”. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. This Statement will be effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013. The City will implement this Statement in fiscal year 2014-15.

The GASB has issued Statement No. 70 “Accounting and Financial Reporting for Nonexchange Financial Guarantees”. The objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. This Statement will be effective for periods beginning after June 15, 2013. The City will implement this Statement in fiscal year 2014-15.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

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NON-MAJOR GOVERNMENTAL FUNDS

Fund Type	Description
Housing Fund	Accounts for funds used to maintain the City's supply of affordable housing.
Gas Tax Fund	Accounts for funds received and expended for street maintenance as defined in the Streets and Highway Code.
Measure A Fund	Accounts for revenues and expenditures of Measure A funds.
Measure D Fund	Accounts for revenues and expenditures of Measure D funds.
Local Transportation Fund	Accounts for revenues and expenditures used for local transportation funds.

City of Buellton, California
Combining Balance Sheet
Non-major Governmental Funds
June 30, 2013

	<u>Governmental Funds</u>	
	<u>Special Revenue Funds</u>	<u>Non-major Funds Totals</u>
		<u>2013</u>
ASSETS		
Cash and investments	\$ 1,666,059	\$ 1,666,059
Restricted cash and investments	-	-
Receivables:		
Accounts	152,111	152,111
Interest	14,563	14,563
Loans/Notes receivable	200,000	200,000
Due from other funds	-	-
Prepaid items	1,667	1,667
Other assets	-	-
Total assets	\$ 2,034,400	\$ 2,034,400
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ 8,385	\$ 8,385
Wages payable	-	-
Due to other funds	-	-
Deferred revenue	-	-
Advances from other funds	-	-
Total liabilities	8,385	8,385
Fund Balances (Deficits):		
Nonspendable		
Prepaid items	1,667	1,667
Loans/Notes receivable	200,000	200,000
Restricted	1,824,348	1,824,348
Committed	-	-
Assigned	-	-
Unassigned (deficit)	-	-
Total fund balances (deficits)	2,026,015	2,026,015
Total liabilities and fund balances	\$ 2,034,400	\$ 2,034,400

City of Buellton, California

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Non-major Governmental Funds

For the year ended June 30, 2013

	<u>Governmental Funds</u>	
	<u>Special Revenue Funds</u>	<u>Non-major Funds Totals</u>
		<u>2013</u>
REVENUES:		
Taxes	\$ -	\$ -
Licenses, permits and fees	-	-
Intergovernmental	668,631	668,631
Charges for services	-	-
Fines and forfeitures	-	-
Use of money and property	10,356	10,356
Other	-	-
Total revenues	<u>678,987</u>	<u>678,987</u>
EXPENDITURES:		
Current:		
General government	-	-
Community development	-	-
Culture and leisure	-	-
Public safety	-	-
Public works	247,044	247,044
Capital outlay	454,710	454,710
Debt service:		
Principal	-	-
Interest and fiscal charges	-	-
Total expenditures	<u>701,754</u>	<u>701,754</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(22,767)</u>	<u>(22,767)</u>
OTHER FINANCING SOURCES (USES):		
Extraordinary gain (loss) on dissolution of redevelopment	-	-
Transfers in	-	-
Transfers out	-	-
Total other financing sources (uses)	-	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	<u>(22,767)</u>	<u>(22,767)</u>
FUND BALANCES (DEFICITS):		
Beginning of year	<u>2,048,782</u>	<u>2,048,782</u>
End of year	<u>\$ 2,026,015</u>	<u>\$ 2,026,015</u>

City of Buellton, California
Combining Balance Sheet
Non-major Special Revenue Funds
June 30, 2013

	Special Revenue Funds		
	Housing Fund	Gas Tax Fund	Measure A Fund
ASSETS			
Cash and investments	\$ 441,298	\$ 818,680	\$ 395,507
Restricted cash and investments			
Receivables:			
Accounts	-	71,153	80,199
Interest	13,765	521	268
Intergovernmental	-	-	-
Loans/Notes receivable	200,000	-	-
Due from other funds	-	-	-
Prepaid items	-	-	-
Total assets	\$ 655,063	\$ 890,354	\$ 475,974
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ 3,445	\$ 3,450
Due to other funds	-	-	-
Total liabilities	-	3,445	3,450
Fund Balances (Deficit):			
Nonspendable:			
Prepaid items	-	-	-
Note receivable	200,000	-	-
Restricted	455,063	886,909	472,524
Unassigned (deficit)	-	-	-
Total fund balances (deficit)	655,063	886,909	472,524
Total liabilities and fund balances	\$ 655,063	\$ 890,354	\$ 475,974

Special Revenue Funds		
<u>Measure D Fund</u>	<u>Local Transportation Fund</u>	<u>Total Non-major Special Revenue Funds</u>
\$ -	\$ 10,574	\$ 1,666,059
-	759	152,111
-	9	14,563
-	-	-
-	-	200,000
-	-	-
-	1,667	1,667
<u>\$ -</u>	<u>\$ 13,009</u>	<u>\$ 2,034,400</u>
\$ -	\$ 1,490	\$ 8,385
-	-	-
-	1,490	8,385
-	1,667	1,667
-	-	200,000
-	9,852	1,824,348
-	-	-
-	11,519	2,026,015
<u>\$ -</u>	<u>\$ 13,009</u>	<u>\$ 2,034,400</u>

City of Buellton, California
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Special Revenue Funds
For the year ended June 30, 2013

Special Revenue Funds

	Housing Fund	Gas Tax Fund	Measure A Fund
REVENUES:			
Taxes	\$ -	\$ -	\$ -
Licenses, permits, and fees	-	-	-
Intergovernmental	-	179,972	472,235
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Use of money and property	6,778	2,630	793
Other	-	-	-
Total revenues	6,778	182,602	473,028
EXPENDITURES:			
Current:			
General government	-	-	-
Community development	-	-	-
Culture and leisure	-	-	-
Public safety	-	-	-
Public works	2,970	94,854	73,703
Capital outlay	-	141,534	229,964
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	2,970	236,388	303,667
REVENUES OVER (UNDER) EXPENDITURES	3,808	(53,786)	169,361
FUND BALANCES (DEFICIT):			
Beginning of year	651,255	940,695	303,163
End of year	\$ 655,063	\$ 886,909	\$ 472,524

Special Revenue Funds

Measure D Fund	Local Transportation Fund	Total Non-major Governmental Fund
\$ -	\$ -	\$ -
-	-	-
-	16,424	668,631
-	-	-
-	-	-
-	155	10,356
-	-	-
-	16,579	678,987
-	-	-
-	-	-
-	-	-
-	-	-
-	75,517	247,044
55,881	27,331	454,710
-	-	-
-	-	-
55,881	102,848	701,754
(55,881)	(86,269)	(22,767)
55,881	97,788	2,048,782
\$ -	\$ 11,519	\$ 2,026,015

City of Buellton, California

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Housing Special Revenue Fund

For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Fines and forfeitures	\$ -	\$ -	\$ -	\$ -
Use of money and property	500	500	6,778	6,278
Other	-	-	-	-
Total revenues	500	500	6,778	6,278
EXPENDITURES:				
Current:				
Public works	3,450	3,450	2,970	480
Capital outlay	-	-	-	-
Total expenditures	3,450	3,450	2,970	480
REVENUES OVER (UNDER)				
EXPENDITURES	(2,950)	(2,950)	3,808	6,758
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	(2,950)	(2,950)	3,808	6,758
FUND BALANCES:				
Beginning of year	651,255	651,255	651,255	-
End of year	\$ 648,305	\$ 648,305	\$ 655,063	\$ 6,758

City of Buellton, California

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Gas Tax Special Revenue Fund

For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Intergovernmental	\$ 195,769	\$ 195,769	\$ 179,972	\$ (15,797)
Use of money and property	2,000	2,000	2,630	630
Total revenues	197,769	197,769	182,602	(15,167)
EXPENDITURES:				
Current:				
Public works	116,974	116,974	94,854	22,120
Capital outlay	351,555	351,555	141,534	210,021
Total expenditures	468,529	468,529	236,388	232,141
REVENUES OVER (UNDER)				
EXPENDITURES	(270,760)	(270,760)	(53,786)	216,974
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	(270,760)	(270,760)	(53,786)	216,974
FUND BALANCES:				
Beginning of year	940,695	940,695	940,695	-
End of year	\$ 669,935	\$ 669,935	\$ 886,909	\$ 216,974

City of Buellton, California

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Measure A Special Revenue Fund

For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Intergovernmental	\$ 300,000	\$ 300,000	\$ 472,235	\$ 172,235
Use of money and property	450	450	793	343
Total revenues	300,450	300,450	473,028	172,578
EXPENDITURES:				
Current:				
Public works	91,213	91,213	73,703	17,510
Capital outlay	478,862	478,862	229,964	248,898
Total expenditures	570,075	570,075	303,667	266,408
REVENUES OVER (UNDER)				
EXPENDITURES	(269,625)	(269,625)	169,361	438,986
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	(269,625)	(269,625)	169,361	438,986
FUND BALANCES:				
Beginning of year	303,163	303,163	303,163	-
End of year	\$ 33,538	\$ 33,538	\$ 472,524	\$ 438,986

City of Buellton, California

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Measure D Special Revenue Fund

For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Use of money and property	-	-	-	-
Total revenues	-	-	-	-
EXPENDITURES:				
Capital outlay	-	-	55,881	(55,881)
Total expenditures	-	-	55,881	(55,881)
REVENUES OVER (UNDER)				
EXPENDITURES	-	-	(55,881)	(55,881)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	(55,881)	(55,881)
FUND BALANCES:				
Beginning of year	55,881	55,881	55,881	-
End of year	\$ 55,881	\$ 55,881	\$ -	\$ (55,881)

City of Buellton, California

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual

Local Transportation Special Revenue Fund

For the year ended June 30, 2013

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Intergovernmental	\$ 2,500	\$ 2,500	\$ 16,424	\$ 13,924
Use of money and property	200	200	155	(45)
Total revenues	2,700	2,700	16,579	13,879
EXPENDITURES:				
Current:				
Public works	90,750	90,750	75,517	15,233
Capital outlay	6,500	6,500	27,331	(20,831)
Total expenditures	97,250	97,250	102,848	(5,598)
REVENUES OVER (UNDER)				
EXPENDITURES	(94,550)	(94,550)	(86,269)	8,281
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	(94,550)	(94,550)	(86,269)	8,281
FUND BALANCES:				
Beginning of year	97,788	97,788	97,788	-
End of year	\$ 3,238	\$ 3,238	\$ 11,519	\$ 8,281

FIDUCIARY FUNDS

Fund Type	Description
Private Purpose Trust Funds	
Successor Agency - Non-Housing	Accounts for funds collected and disbursed for the dissolution of the former Buellton Redevelopment Agency related to Administration and Retirement of enforceable obligations.
Successor Agency - Housing	Accounts for funds collected and disbursed for the dissolution of the former Buellton Redevelopment Agency's housing related debts.
Agency Funds	
Deposits Agency Fund	This fund accounts for various deposits that are held on behalf of the City for various projects or programs

City of Buellton, California
Combining Statement of Net Position
Private Purpose Trust Funds
June 30, 2013

	Successor Agency		
	Non-Housing	Housing	Totals
ASSETS			
Current Assets:			
Cash and investments	\$ 78,803	\$ -	\$ 78,803
Prepays	1,460	-	1,460
Total current assets	<u>80,263</u>	<u>-</u>	<u>80,263</u>
Noncurrent Assets			
Investment in land and building held for resale	345,683	-	345,683
Total noncurrent assets:	<u>345,683</u>	<u>-</u>	<u>345,683</u>
Total assets	<u>\$ 425,946</u>	<u>\$ -</u>	<u>\$ 425,946</u>
LIABILITIES AND NET POSITION			
Current Liabilities:			
Accounts payable	\$ 641	\$ -	\$ 641
Total current liabilities:	<u>641</u>	<u>-</u>	<u>641</u>
Noncurrent liabilities:			
Advances from City of Buellton General Fund	1,876,208	-	1,876,208
Noncurrent liabilities	<u>1,876,208</u>	<u>-</u>	<u>1,876,208</u>
Total liabilities	<u>1,876,849</u>	<u>-</u>	<u>1,876,849</u>
Net Position (Deficit)			
Net deficit held in trust for Redevelopment Dissolution	(1,450,903)	-	(1,450,903)
Total liabilities and net position	<u>\$ 425,946</u>	<u>\$ -</u>	<u>\$ 425,946</u>

City of Buellton, California
Combining Statement of Changes in Fiduciary Net Position
Private Purpose Trust Funds
June 30, 2013

	Successor Agency		Totals
	Non-Housing	Housing	
ADDITIONS:			
Property taxes	\$ 204,890	\$ -	\$ 204,890
Investment earnings	18	426	444
Total additions:	<u>204,908</u>	<u>426</u>	<u>205,334</u>
DEDUCTIONS:			
Community development	104,045	-	104,045
Transfers to Santa Barbara County for redistribution	-	1,723,167	1,723,167
Total deductions:	<u>104,045</u>	<u>1,723,167</u>	<u>1,827,212</u>
CHANGE IN FIDUCIARY NET POSITION	100,863	(1,722,741)	(1,621,878)
NET POSITION (DEFICIT):			
Beginning of year	(1,551,766)	1,722,741	170,975
End of year	<u>\$ (1,450,903)</u>	<u>\$ -</u>	<u>\$ (1,450,903)</u>

City of Buellton, California
Statement of Assets and Liabilities
Deposits Agency Fund
For the year ended June 30, 2013

	<u>2013</u>
ASSETS	
Cash and investments	\$ 140,632
Total assets	<u>\$ 140,632</u>
LIABILITIES	
Refundable deposits	\$ 140,632
Total liabilities	<u>\$ 140,632</u>

City of Buellton, California
Statement of Changes in Assets and Liabilities
Deposits Agency Fund
For the year ended June 30, 2013

	<u>Balance July 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2013</u>
ASSETS				
Cash and investments	\$ 139,956	\$ 676	\$ -	\$ 140,632
Total assets	<u>\$ 139,956</u>	<u>\$ 676</u>	<u>\$ -</u>	<u>\$ 140,632</u>
LIABILITIES				
Accounts payable	\$ 3,258	\$ -	\$ (3,258)	\$ -
Refundable deposits	136,698	6,544	-	143,242
Total liabilities	<u>\$ 139,956</u>	<u>\$ 6,544</u>	<u>\$ (3,258)</u>	<u>\$ 143,242</u>

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STATISTICAL SECTION

This part of the City of Buellton's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, footnotes, and required supplementary information says about the City's overall financial health.

Contents	Page(s)
Financial Trends	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	96-105
Revenue Capacity	
generate revenues. Property taxes, sales and use taxes, charges for services, licenses, permits and fees and intergovernmental revenue are the City's most significant revenue sources.	107-112
Debt Capacity	
These schedules contain information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt	113-115
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	116
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	117-123

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. Information was available beginning with the year ended June 30, 2004 for the financial trend schedules.

City of Buellton, California

Net Position by Component

Last Ten Fiscal Years

(Fiscal year ended June 30)

(Accrual basis of accounting)

	2004	2005	2006	2007
Governmental activities				
Invested in capital assets, net of related debt	\$ 10,386,003	\$ 10,133,280	\$ 10,289,733	\$ 16,797,701
Restricted	226,154	226,154	626,250	-
Unrestricted	14,039,315	13,095,121	9,427,610	11,753,103
Total governmental activities net position	\$ 24,651,472	\$ 23,454,555	\$ 20,343,593	\$ 28,550,804
Business-type activities				
Invested in capital assets, net of related debt	\$ 5,060,424	\$ 5,531,382	\$ 5,530,652	\$ 5,255,393
Restricted	4,564,068	4,564,068	-	-
Unrestricted	1,194,690	785,426	5,524,798	6,111,889
Total business-type activities net position	\$ 10,819,182	\$ 10,880,876	\$ 11,055,450	\$ 11,367,282
Primary government				
Net invested in capital assets	\$ 15,446,427	\$ 15,664,662	\$ 15,820,385	\$ 22,053,094
Restricted	4,790,222	4,790,222	626,250	-
Unrestricted	15,234,005	13,880,547	14,952,408	17,864,992
Total primary government net position	\$ 35,470,654	\$ 34,335,431	\$ 31,399,043	\$ 39,918,086

2008	2009	2010	2011	2012	2013
\$ 16,246,876	\$ 17,157,515	\$ 16,562,754	\$ 16,445,038	\$ 17,403,453	\$ 17,650,808
-	-	-	4,282,496	1,848,781	1,824,348
12,960,500	12,919,389	12,391,360	8,470,455	11,014,594	5,323,390
<u>\$ 29,207,376</u>	<u>\$ 30,076,904</u>	<u>\$ 28,954,114</u>	<u>\$ 29,197,989</u>	<u>\$ 30,266,828</u>	<u>\$ 24,798,546</u>
5,389,703	\$ 5,151,913	\$ 5,096,842	\$ 5,530,407	\$ 5,563,438	\$ 5,420,400
-	-	-	-	-	-
6,514,815	6,653,810	6,381,738	5,604,145	5,136,194	4,859,019
<u>\$ 11,904,518</u>	<u>\$ 11,805,723</u>	<u>\$ 11,478,580</u>	<u>\$ 11,134,552</u>	<u>\$ 10,699,632</u>	<u>\$ 10,279,419</u>
\$ 21,636,579	\$ 22,309,428	\$ 21,659,596	\$ 21,975,445	\$ 22,966,891	\$ 23,071,208
-	-	-	4,282,496	1,848,781	1,824,348
19,475,315	19,573,199	18,773,098	14,074,600	16,150,788	10,182,409
<u>\$ 41,111,894</u>	<u>\$ 41,882,627</u>	<u>\$ 40,432,694</u>	<u>\$ 40,332,541</u>	<u>\$ 40,966,460</u>	<u>\$ 35,077,965</u>

City of Buellton, California

Changes in Net Position

Last Ten Fiscal Years

(Fiscal year ended June 30)

(Accrual basis of accounting)

	2004	2005	2006	2007
Expenses				
Governmental activities:				
General government	\$ 753,659	\$ 916,344	\$ 1,963,313	\$ 1,063,958
Community development	1,200,777	2,020,219	2,062,763	610,397
Culture and leisure	57,278	59,421	72,149	1,737,275
Public safety	963,350	1,078,031	1,257,100	1,346,880
Public works	1,410,131	2,237,054	3,790,856	684,238
Unallocated depreciation	381,983	252,724	-	677,340
Total governmental activities expenses	<u>4,767,178</u>	<u>6,563,793</u>	<u>9,146,181</u>	<u>6,120,088</u>
Business-type activities:				
Water Utility	1,448,611	1,317,238	1,533,373	1,621,907
Wastewater Utility	715,435	671,636	719,227	781,517
Total business-type activities expenses	<u>2,164,046</u>	<u>1,988,874</u>	<u>2,252,600</u>	<u>2,403,424</u>
Total primary government expenses	<u>6,931,224</u>	<u>8,552,667</u>	<u>11,398,781</u>	<u>8,523,512</u>
Program revenues				
Governmental activities:				
Charges for services:				
General government	59,212	285,861	326,229	240,516
Community development	-	-	-	-
Culture and leisure	157,162	60,174	-	128,955
Public safety	-	-	-	17,477
Public works	-	-	-	-
Operating grants and contributions	9,716	182,750	29,565	439,319
Capital grants and contributions	-	-	-	1,156,790
Total governmental activities program revenues:	<u>226,090</u>	<u>528,785</u>	<u>355,794</u>	<u>1,983,057</u>
Business-type activities:				
Charges for services:				
Water utility	1,795,729	1,371,767	1,456,241	1,480,189
Sewer utility	844,444	559,878	622,440	561,989
Operating grants and contributions	-	-	-	-
Capital grants and contributions	-	-	-	367,055
Total business-type activities program revenues:	<u>2,640,173</u>	<u>1,931,645</u>	<u>2,078,681</u>	<u>2,409,233</u>
Total primary government program revenues	<u>2,866,263</u>	<u>2,460,430</u>	<u>2,434,475</u>	<u>4,392,290</u>
Net (Expense)/Revenue				
Governmental activities	(4,541,088)	(6,035,008)	(8,790,387)	(4,137,031)
Business-type activities	<u>476,127</u>	<u>(57,229)</u>	<u>(173,919)</u>	<u>5,809</u>
Total primary government net expense	<u>(4,064,961)</u>	<u>(6,092,237)</u>	<u>(8,964,306)</u>	<u>(4,131,222)</u>

2008	2009	2010	2011	2012	2013
\$ 1,139,402	\$ 952,729	\$ 1,027,858	\$ 1,040,330	\$ 1,484,345	\$ 1,519,771
617,300	908,792	1,343,533	947,844	1,131,764	313,216
2,311,368	607,147	648,944	638,904	621,570	588,733
1,563,977	1,640,233	1,755,474	1,804,188	1,350,473	1,872,020
795,921	886,380	1,743,224	819,223	862,578	1,526,752
685,152	705,212	723,587	737,978	-	-
7,113,120	5,700,493	7,242,620	5,988,467	5,450,730	5,820,492
1,543,927	1,591,019	1,633,422	1,623,335	1,699,457	1,734,083
825,680	869,595	909,121	842,378	771,940	847,522
2,369,607	2,460,614	2,542,543	2,465,713	2,471,397	2,581,605
9,482,727	8,161,107	9,785,163	8,454,180	7,922,127	8,402,097
338,389	186,909	133,995	92,618	1,712	3,975
-	42,818	42,818	160,854	-	-
74,040	82,900	183,933	155,316	59,786	231,337
32,747	12,210	58,207	66,616	48,678	47,982
-	-	-	-	88,865	9,480
313,596	286,756	400,787	356,627	1,225,407	919,707
797,368	474,562	225,429	182,490	-	-
1,556,140	1,086,155	1,045,169	1,014,521	1,424,448	1,212,481
1,495,709	1,467,933	1,467,931	1,387,651	1,388,813	1,460,658
562,467	556,822	569,344	572,545	597,963	649,703
-	-	-	-	462	3,250
563,863	179,062	108,960	114,575	34,720	36,380
2,622,039	2,203,817	2,146,235	2,074,771	2,021,958	2,149,991
4,178,179	3,289,972	3,191,404	3,089,292	3,446,406	3,362,472
(5,556,980)	(4,614,338)	(6,197,451)	(4,973,946)	(4,026,282)	(4,608,011)
252,432	(256,797)	(396,308)	(390,942)	(449,439)	(431,614)
(5,304,548)	(4,871,135)	(6,593,759)	(5,364,888)	(4,475,721)	(5,039,625)

(continued)

City of Buellton, California
Changes in Net Position , Continued
Last Ten Fiscal Years
(Fiscal year ended June 30)
(Accrual basis of accounting)

	2004	2005	2006	2007
Continued from previous page:				
General Revenues and Other Changes in Net Position:				
Governmental activities:				
Taxes:				
Secured and unsecured property taxes	991,376	1,033,866	1,410,284	1,408,990
Sales and use tax	1,502,652	1,548,912	1,541,828	1,616,089
Transient lodging tax	949,630	1,033,232	1,142,210	1,273,905
Franchise taxes	111,297	114,142	-	132,300
Other taxes	820,914	724,819	776,961	393,784
Investment income	218,531	321,218	593,226	878,259
Other general revenues	134,626	61,897	189,030	69,799
Transfer in (out)	-	-	-	-
Extraordinary item	-	-	-	-
Total governmental activities	<u>4,729,026</u>	<u>4,838,086</u>	<u>5,653,539</u>	<u>5,773,126</u>
Business-type activities:				
Use of money and property	71,670	116,325	193,712	277,670
Other revenues	886	2,598	154,781	28,353
Transfer in (out)	-	-	-	-
Total business-type activities	<u>72,556</u>	<u>118,923</u>	<u>348,493</u>	<u>306,023</u>
Total primary government	<u>4,801,582</u>	<u>4,957,009</u>	<u>6,002,032</u>	<u>6,079,149</u>
Changes in Net Position				
Governmental activities	187,938	(1,196,922)	(3,136,848)	1,636,095
Business-type activities	548,683	61,694	174,574	311,832
Total primary government	<u>\$ 736,621</u>	<u>\$ (1,135,228)</u>	<u>\$ (2,962,274)</u>	<u>\$ 1,947,927</u>

Source: City Finance Department

2008	2009	2010	2011	2012	2013
1,683,116	1,713,355	1,750,774	1,718,074	1,679,732	1,528,000
1,878,982	1,539,733	1,414,049	1,552,752	1,611,788	1,744,085
1,290,705	1,223,797	1,164,409	1,193,216	1,239,617	1,344,904
136,557	142,731	131,659	209,220	202,981	207,922
384,178	405,637	403,748	411,514	383,604	381,358
814,768	448,519	129,300	127,128	268,680	102,197
25,246	10,094	13,632	5,917	-	579
-	-	-	-	-	-
-	-	-	-	(291,281)	-
<u>6,213,552</u>	<u>5,483,866</u>	<u>5,007,571</u>	<u>5,217,821</u>	<u>5,095,121</u>	<u>5,309,045</u>
252,798	131,760	39,922	23,774	14,519	11,401
32,006	26,242	29,243	23,140	-	-
-	-	-	-	-	-
<u>284,804</u>	<u>158,002</u>	<u>69,165</u>	<u>46,914</u>	<u>14,519</u>	<u>11,401</u>
<u>6,498,356</u>	<u>5,641,868</u>	<u>5,076,736</u>	<u>5,264,735</u>	<u>5,109,640</u>	<u>5,320,446</u>
656,572	869,528	(1,189,880)	243,875	1,068,839	701,034
537,236	(98,795)	(327,143)	(344,028)	(434,920)	(420,213)
<u>\$ 1,193,808</u>	<u>\$ 770,733</u>	<u>\$ (1,517,023)</u>	<u>\$ (100,153)</u>	<u>\$ 633,919</u>	<u>\$ 280,821</u>

(concluded)

City of Buellton, California
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Fiscal year ended June 30)
(Modified accrual basis of accounting)

	2004	2005	2006	2007
General Fund:				
Nonspendable	\$ 1,626,353	\$ 3,168,736	\$ 3,759,836	\$ 7,479,546
Restricted	-	-	-	-
Committed	226,154	226,154	626,250	-
Unassigned	7,292,537	4,919,768	4,696,058	2,668,372
Total general fund	<u>9,145,044</u>	<u>8,314,658</u>	<u>9,082,144</u>	<u>10,147,918</u>
All Other Governmental Funds:				
Nonspendable	200,000	200,023	200,053	203,787
Restricted	6,049,899	7,011,734	4,715,297	5,156,233
Unassigned (deficit)	(1,129,474)	(2,205,140)	(3,908,801)	(3,717,810)
Total all other governmental funds	<u>5,120,425</u>	<u>5,006,617</u>	<u>1,006,549</u>	<u>1,642,210</u>
Total all governmental funds	<u>\$ 14,265,469</u>	<u>\$ 13,321,275</u>	<u>\$ 10,088,693</u>	<u>\$ 11,790,128</u>

2008	2009	2010	2011	2012	2013
\$ 7,782,741	\$ 7,957,130	\$ 8,067,010	\$ 2,968,765	\$ 114,737	\$ 98,630
-	-	-	-	-	6,169,316
-	-	-	25,000	-	-
2,768,083	2,974,145	3,187,103	9,045,094	11,334,055	5,829,005
10,550,824	10,931,275	11,254,113	12,038,859	11,448,792	12,096,951
205,181	208,069	225,917	5,971	200,000	201,667
6,123,560	6,751,213	7,016,895	4,282,496	1,848,781	1,824,348
(3,869,785)	(4,916,803)	(6,091,969)	(3,439,610)	(277,578)	(273,652)
2,458,956	2,042,479	1,150,843	848,857	1,771,203	1,752,363
\$ 13,009,780	\$ 12,973,754	\$ 12,404,956	\$ 12,887,716	\$ 13,219,995	\$ 13,849,314

City of Buellton, California
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Fiscal year ended June 30)
(Modified accrual basis of accounting)

	2004	2005	2006	2007
Revenues:				
Taxes	\$ 4,060,251	\$ 4,115,578	\$ 4,388,271	\$ 4,476,399
Licenses, permits, and fees	-	-	114,470	186,321
Intergovernmental	325,334	522,143	398,107	1,454,554
Charges for services	93,477	4,314	-	128,955
Fines and forfeitures	59,212	285,861	270,080	54,015
Use of money and property	282,216	377,078	649,375	938,109
Other	134,626	61,897	189,030	517,830
Total revenues	4,955,116	5,366,871	6,009,333	7,756,183
Expenditures:				
Current:-				
General government	753,659	916,344	913,367	1,061,623
Community development	1,200,777	2,020,219	2,404,698	601,277
Culture and leisure	57,278	59,421	72,007	1,237,275
Public safety	963,350	1,078,031	1,257,100	1,346,880
Public works	1,410,131	2,237,054	4,198,719	684,238
Capital outlay	-	-	396,026	1,346,712
Total expenditures	4,385,195	6,311,069	9,241,917	6,278,005
Reconciliation of Governmental Revenues				
Less Expenditures to Fund Equity:				
Revenues over (under) expenditures	\$ 569,921	\$ (944,198)	\$ (3,232,584)	\$ 1,478,178
Other financing sources (uses):				
Extraordinary loss on dissolution of redevelopment	-	-	-	-
Transfers in	-	-	427,721	1,000,000
Transfers out	-	-	(427,721)	(1,000,000)
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	\$ 569,921	\$ (944,198)	\$ (3,232,584)	\$ 1,478,178
Debt service as a percentage of noncapital expenditures	0%	0%	0%	0%

Source: City Finance Department

2008	2009	2010	2011	2012	2013
\$ 5,002,441	\$ 4,641,967	\$ 4,339,672	\$ 4,696,667	\$ 4,917,859	\$ 5,246,898
254,325	90,702	74,144	30,049	85,777	13,666
1,337,608	1,068,235	1,027,513	1,106,355	1,230,607	879,078
74,040	82,900	183,933	155,316	-	165,717
38,240	36,951	44,809	48,342	49,223	49,261
874,615	508,368	189,152	189,696	525,508	162,312
188,423	140,898	48,632	5,917	1,876	4,594
<u>7,769,692</u>	<u>6,570,021</u>	<u>5,907,855</u>	<u>6,232,342</u>	<u>6,810,850</u>	<u>6,521,526</u>
964,392	946,501	995,266	1,002,400	1,046,267	1,317,924
616,123	1,084,618	1,312,599	911,843	1,131,764	313,216
2,306,960	606,549	629,171	621,181	608,804	575,128
1,560,994	1,638,619	1,755,474	1,804,188	1,350,473	1,872,020
794,403	885,508	1,540,579	789,708	660,515	1,303,965
307,168	1,444,252	310,654	620,262	1,389,467	510,038
<u>6,550,040</u>	<u>6,606,047</u>	<u>6,543,743</u>	<u>5,749,582</u>	<u>6,187,290</u>	<u>5,892,291</u>
\$ 1,219,652	\$ (36,026)	\$ (635,888)	\$ 482,760	\$ 623,560	\$ 629,235
-	-	-	-	(291,281)	-
1,800,000	-	-	4,602,777	-	-
(1,800,000)	-	-	(4,602,777)	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(291,281)</u>	<u>-</u>
<u>\$ 1,219,652</u>	<u>\$ (36,026)</u>	<u>\$ (635,888)</u>	<u>\$ 482,760</u>	<u>\$ 332,279</u>	<u>\$ 629,235</u>
<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>

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City of Buellton, California
Assessed Value and Actual Value of Taxable Property
For the last ten fiscal years

	City		Taxable Assessed Value	Former Redevelopment Agency		Taxable Assessed Value	Total Direct Tax Rate
	Secured	Unsecured		Secured	Unsecured		
FY 03-04	415,803,586	21,887,853	437,691,439	67,628,989	7,302,126	74,931,115	1.000%
FY 04-05	489,904,559	23,305,441	513,210,000	70,293,108	7,374,142	77,667,250	1.000%
FY 05-06	574,383,945	24,949,831	599,333,776	74,993,984	8,058,041	83,052,025	1.000%
FY 06-07	621,975,128	27,378,443	649,353,571	79,183,064	8,682,562	87,865,626	1.000%
FY 07-08	679,402,694	28,649,150	708,051,844	88,497,770	7,892,351	96,390,121	1.000%
FY 08-09	707,619,233	34,655,099	742,274,332	103,932,132	8,554,860	112,486,992	1.000%
FY 09-10	686,233,598	53,552,918	739,786,516	107,966,325	9,107,721	117,074,046	1.000%
FY 10-11	684,320,951	55,490,755	739,811,706	108,444,880	8,877,972	117,322,852	1.000%
FY 11-12	683,948,070	58,348,786	742,296,856	108,257,121	7,676,358	115,933,479	1.000%
FY 12-13	677,670,315	56,809,979	734,480,294	107,901,412	7,364,330	115,265,742	1.000%

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

Source: County of Santa Barbara Auditor-Controller

City of Buellton, California
Direct and Overlapping Tax Rates
For the last ten fiscal years
(Rate per \$1,000 of assessed value)

	Direct Rates		Overlapping Rates	
	Basic Rate	Total Direct	Buellton Union School District 1992	Buellton Union School District 2004
FY 03-04	1.000	1.000	0.0281	-
FY 04-05	1.000	1.000	0.0281	-
FY 05-06	1.000	1.000	0.0526	-
FY 06-07	1.000	1.000	0.0241	0.0279
FY 07-08	1.000	1.000	0.0234	0.0279
FY 08-09	1.000	1.000	0.0231	0.0279
FY 09-10	1.000	1.000	0.0242	0.0279
FY 10-11	1.000	1.000	0.0242	0.0279
FY 11-12	1.000	1.000	0.0250	0.0288
FY 12-13	1.000	1.000	0.0250	0.0298

Note: In 1978, California voters passed Proposition 13, which sets the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies whose boundaries include the subject property. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of debt issued by the taxing agencies shown above.

* The RDA rate is based on the largest RDA tax rate area (TRA) and includes only rates from indebtedness adopted prior to 1989 per California State statute. RDA direct and overlapping rates are applied only to the incremental property values. In accordance with the timeline set forth in AB 1x26 (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

Source: County of Santa Barbara Auditor-Controller's Office

AHCC Bond 2006	Total Tax Rate	Redevelopment Agency *
-	1.02806	1.02806
-	1.02806	1.02806
-	1.05255	1.05255
0.0250	1.07706	1.07706
0.0248	1.07609	1.07609
0.0250	1.07599	1.07599
0.0250	1.07714	1.07714
0.0250	1.07714	1.07714
0.0250	1.07871	-
0.0250	1.07972	-

City of Buellton, California
Principal Property Tax Payers - Secured Roll Only
Current Year and Five Years Ago

Property Owner	FY 2012-13			FY 2008-09		
	Assessed Valuation	Rank	% of Total	Assessed Valuation	Rank	% of Total
Oak Springs Village Properties LLC	\$ 15,999,971	1	19.7%	\$15,300,000	1	20.4%
FPA Flying Flags Associates, LP	14,832,931	2	18.3%	\$14,184,022	2	18.9%
Kang Family Partners	7,971,580	3	9.8%	\$7,688,025	4	10.3%
Kaywine, LLC	6,798,300	4	8.4%	-	-	-
Buellton Self-Storage, LP	6,700,756	5	8.3%	\$7,813,510	3	10.4%
Santa Ynez Valley Properties, LP	6,594,530	6	8.1%	-	-	-
New Albertsons, Inc.	6,364,786	7	7.8%	\$6,086,340	5	8.1%
Santa Ynez Self Storage, LLC	5,760,744	8	7.1%	\$5,519,453	6	7.4%
Hauber Family Trust	5,100,978	9	6.3%	\$4,951,451	7	6.6%
Los Padres Properties	5,002,746	10	6.2%	\$4,512,641	8	6.0%
Narang, Thakar D & Krishna K Revocable T	-	-	-	\$4,429,459	9	5.9%
Santa Ynez Band of Mission Indians	-	-	-	\$4,380,020	10	5.9%
	<u>\$81,127,322</u>		<u>100.0%</u>	<u>\$74,864,921</u>		<u>100.0%</u>

Source: Santa Barbara County Auditor-Controller

City of Buellton, California

Schedule of Top 25 Principal Sales Tax Remitters (listed in alphabetical order) Current Year and Five Years Ago

Jan-Mar 2013	Oct-Dec 2007
Rio Vista Chevrolet	Toms Gas & Market
Jim Vreeland Ford	Rio Vista Chevrolet
Toms Gas & Market	Jim Vreeland Ford
Buellton Shell	Buellton Shell
Circle K Mobil	Tim Fuel
Albertsons	Todd Pipe & Supply
Tesoro Refining & Marketing	Albertsons
CVS Pharmacy	Longs
Circle K	Platinum Performance
Pfg	Buellton Chevron
Platinum Performance	Ralphs Valley Service
Todd Pipe & Supply	Eagle Energy
Hitching Post	Hitching Post
Firestone Walker Brewing	Andersons Pea Soup
Andersons Pea Soup	AJ Spurs Saloon & Dining Hall
Santa Ynez Valley Marriot	San Ynez Valley Marriot
AJ Spurs Saloon & Dining Hall	McDonalds
McDonalds	Firestone Walker Brewing
Farm Supply	Carls Jr.
Platinum Performance Vet	Thin Film Technology
Floors Doors	Coast Auto Sales
Advanced Automobile	Mother Hubbards
Golden State Phone & Wireless	New West Catering
Taco Bell	Gracian Agricultural
Carls Jr.	Sears

Note: The lists above includes both public and private entities for the most recent and prior comparable period available and therefore the dollar values have been omitted because the information is not public information. Rankings are determined by the sales dollar amount.

City of Buellton, California
Property Tax Levies and Collections
For the last ten fiscal years

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year*	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2004	\$ 991,376	\$ 991,376	100%	\$ -	\$ 991,376	100%
2005	1,033,866	1,033,866	100%	-	1,033,866	100%
2006	1,410,284	1,410,284	100%	-	1,410,284	100%
2007	1,408,990	1,408,990	100%	-	1,408,990	100%
2008	1,683,116	1,683,116	100%	-	1,683,116	100%
2009	1,713,355	1,713,355	100%	-	1,713,355	100%
2010	1,750,774	1,750,774	100%	-	1,750,774	100%
2011	1,718,074	1,718,074	100%	-	1,718,074	100%
2012	1,679,732	1,679,732	100%	-	1,679,732	100%
2013	1,528,000	1,528,000	100%	-	1,528,000	100%

Note: Amounts reported and collected under the Teeter Plan in which all taxes are distributed to the City in the year of the levy with the County retaining any interest or penalties on uncollected balances.

Source: Santa Barbara County Auditor-Controller's Office

City of Buellton, California
Direct and Overlapping Debt
Current Year
June 30, 2013

2012-13 Assessed Valuation \$ 734,480,294

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 6/30/2013</u>
Allan Hancock Joint Community College District - GO Bonds	3.42%	\$ 4,461,422
Buellton Union School District - GO Bonds and Bond Anticipation Notes	73.73%	6,806,806
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$ 11,268,228
<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>		
Buellton Union School District - Certificates of Participation	73.73%	\$ 401,807
Santa Ynez Valley Union High School District - Certificates of Participation	12.80%	403,909
Santa Barbara County Certificates of Participation	1.17%	822,412
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$ 1,628,128
COMBINED TOTAL DEBT		\$ 12,896,356 (1)

(1) Excludes tax and revenue anticipation notes, enterprise revenue and mortgage revenue bonds and non-bonded lease obligations.

Ratios to 2012-13 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	1.52%
Combined Total Debt	1.74%

City of Buellton, California
Legal Debt Margin Information
Last Ten Fiscal Years
(Dollars in thousands)

	2004	2005	2006	2007
Assessed Value	\$ 415,803,586	\$ 489,904,559	\$ 574,383,945	\$ 621,975,128
Conversion Percentage	25%	25%	25%	25%
Adjusted Assessed Value	103,950,897	122,476,140	143,595,986	155,493,782
Debt Limit Percentage	15%	15%	15%	15%
Debt limit	15,592,634	18,371,421	21,539,398	23,324,067
Total net debt applicable to limit	-	-	-	-
Legal debt margin	\$ 15,592,634	\$ 18,371,421	\$ 21,539,398	\$ 23,324,067

Total net debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%
---	----	----	----	----

Notes: The Government Code of the State of California provides for a legal debt limit of 15% of grossed assessed secured tax valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of the assessed value for each fiscal year from the current full

The City does not have any outstanding general obligation debt subject to the limit.

Source: City Finance Department

2008	2009	2010	2011	2012	2013
\$ 679,402,694	\$ 707,619,233	\$ 686,233,598	\$ 684,320,951	\$ 683,948,070	\$ 677,670,315
25%	25%	25%	25%	25%	25%
169,850,674	176,904,808	171,558,400	171,080,238	170,987,018	169,417,579
15%	15%	15%	15%	15%	15%
25,477,601	26,535,721	25,733,760	25,662,036	25,648,053	25,412,637
-	-	-	-	-	-
\$ 25,477,601	\$ 26,535,721	\$ 25,733,760	\$ 25,662,036	\$ 25,648,053	\$ 25,412,637
0%	0%	0%	0%	0%	0%

City of Buellton, California
Demographic and Economic Statistics
Last Ten Calendar Years

<u>Year</u>	<u>Population ⁽¹⁾</u>	<u>Personal Income Santa Barbara County (in thousands) ⁽²⁾</u>	<u>Per Capita Personal Income Santa Barbara County ⁽³⁾</u>	<u>Unemployment Rate Santa Barbara County ⁽⁴⁾</u>
2004	4,458	15,800	38.1	3.4%
2005	4,552	16,700	39.9	4.0
2006	4,548	18,300	43.4	3.5
2007	4,663	18,900	44.6	3.8
2008	4,700	19,100	44.5	5.2
2009	4,740	18,100	42.0	8.2
2010	4,833	18,600	42.9	8.8
2011	4,878	19,000	44.6	8.9
2012	4,858	19,000	44.5	7.9
2013	4,863	NA	NA	NA

Notes:

** Information presented is for the Santa Barbara County Region, except for population data which relate to the City's population, since separate data is not available for the City of Buellton.

Sources:

⁽¹⁾ State Department of Finance

⁽²⁾ U.S. Dept. of Commerce Bureau of Economic Analysis.

⁽³⁾ U.S. Dept. of Commerce Bureau of Economic Analysis.

⁽⁴⁾ Bureau of Labor Statistics.

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City of Buellton, California

Full-time and Part-time City Employees by Function (Full Time Equivalent)

Last Ten Fiscal Years

(Fiscal year ended June 30)

Function	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government										
- City Council	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
- City Clerk / HR	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
- City Manager	2.00	2.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
- City Attorney *	1.00	1.00	1.00	1.00	1.00	-	-	-	-	-
- Finance	4.00	5.00	4.00	4.00	4.00	4.00	3.00	3.00	3.00	3.00
Community Development										
- Planning	1.00	1.00	3.00	3.00	3.00	3.00	3.05	3.13	3.19	3.10
Culture and Leisure										
- Parks & Recreation	-	1.00	-	-	1.00	2.51	3.35	3.43	3.61	3.97
- Library **	-	-	-	-	-	-	-	-	-	-
Public Safety										
- Police ***	-	-	-	-	-	-	-	-	-	-
- Fire ****	-	-	-	-	-	-	-	-	-	-
Public works										
- Street Lights	-	-	-	-	-	-	-	-	-	-
- Engineering	-	-	-	-	-	-	-	-	-	-
- General	8.00	8.00	7.00	7.00	7.00	7.00	6.09	6.53	7.40	7.00
Total	22.00	24.00	22.00	22.00	23.00	23.51	22.49	23.09	24.21	24.07

Note:

* Starting in FY2009 the City Attorney is contract personnel .

** The City of Buellton contracted with City of Lompoc Library System to manage the Buellton Branch of the County Library.

*** Contract with Santa Barbara County Sheriff Department for law enforcement services.

**** Contract with Santa Barbara County Fire Department to provide staffing at County Fire Station 31 in Buellton.

Source: City of Buellton Finance Department

City of Buellton, California
Operating Indicators by Function
Last Ten Fiscal Years
(Fiscal year ended June 30)

Function	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Police *										
- Arrests	340	375	386	383	412	339	429	313	260	231
- Non-criminal Citations	259	238	165	867	489	507	644	452	292	348
Total Police Actions	599	613	551	1,250	901	846	1,073	765	552	579
Fire **										
- Number of Calls for Service	NA	NA	NA	NA	NA	NA	NA	167	526	777
- Emergency Call Responses	NA	NA	NA	NA	NA	NA	NA	119	197	186
- Fire Prevention Activities	NA	NA	NA	NA	NA	NA	NA	2	19	21
Total Fire Actions								288	742	984
Planning Permits:										
- Certificate of Compliance	-	-	-	1	-	-	-	-	-	-
- Conditional Use	-	3	2	-	2	-	3	1	-	2
- Development Plan Modification	1	-	-	2	1	2	-	-	-	-
- Final Development Plan	7	6	2	5	1	3	-	1	2	1
- General Plan Amendment	1	3	1	3	-	3	-	-	-	-
- Preliminary Development Plan	3	3	-	1	-	-	-	-	-	1
- Home Occupation	2	-	5	1	3	5	1	2	5	3
- Land Use Exemption ***	-	40	80	89	73	78	35	42	49	48
- Lot Line Adjustment	-	3	-	2	1	-	1	-	-	-
- Minor Use Permit	1	1	2	2	2	2	-	1	-	-
- Sign Ordinance Exemption	-	-	1	1	1	1	-	-	1	2
- Specific Plan	-	1	-	1	-	-	-	-	-	1
- Time Extensions	1	1	2	-	3	2	-	-	-	2
- Tentative Parcel Map	2	3	-	2	2	1	-	-	1	-
- Tentative Tract Map	2	5	-	2	1	-	-	-	-	-
- Variance	-	1	1	-	-	-	-	-	-	-
- Zoning Clearance	16	19	24	49	16	54	39	37	42	41
- Zoning Ordinance Amendment	1	2	4	5	-	4	2	2	1	-
Total planning actions	37	91	124	166	106	155	81	86	101	101

*Police services are provided by the Santa Barbara County Sheriff's Office.

** Fire services are provided by the Santa Barbara County Fire Department

1. FY2011 data is for Apr - June 2011 activities

2. FY2012 data is for Oct 2011 - June 2012 activities

*** FY2003-2004 data for Land Use Exemption Permits issued is not available. FY2004-05 number is approximate.

NA indicates the information is not available.

Source: City Finance, Public Works and Planning Departments

City of Buellton, California
Capital Asset Statistics by Function
Last Ten Fiscal Years
(Fiscal year ended June 30)

Function	2004	2005	2006	2007
Police *:				
Stations	1	1	1	1
Fire *				
Fire stations	1	1	1	1
Public works				
Streets (miles)	22	22	22	22
Streetlights	-	50	50	50
Parks and recreation				
Parks	1	1	2	2
Sewer				
Sanitary sewers (miles)	18	18	18	18
Number of pump stations	2	2	2	2
Wastewater treatment plant	1	1	1	1
Water				
Water lines	27	27	27	27
Wells	5	5	5	5
Water treatment plants	2	2	2	2
Reservoirs	3	3	3	3

* Services are provided by the County or Special Districts, which are separate from the City. The data for those portions of the system located within the City of Buellton.

Source: City Finance, Public Works and Planning Departments

2008	2009	2010	2011	2012	2013
1	1	1	1	1	1
1	1	1	1	1	1
22	22	22	22	22	22
50	50	50	64	64	64
2	2	2	2	2	2
18	18	18	18	18	18
2	2	2	2	2	2
1	1	1	1	1	1
27	27	27	27	27	27
5	5	5	5	5	5
2	2	2	2	2	2
3	3	3	3	3	3

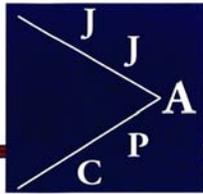
provided are

City of Buellton, California
Capital Asset Statistics by Funds
Last Ten Fiscal Years
(Fiscal year ended June 30)

	2004	2005	2006	2007
Governmental-type				
Land	\$ 1,118,648	\$ 1,118,648	\$ 1,118,648	\$ 1,118,648
Construction-in-progress	-	-	-	-
Buildings and improvements	284,582	284,582	666,664	7,626,199
Equipment	508,781	508,781	548,810	394,828
Infrastructure	14,986,648	14,986,648	14,986,648	14,986,648
Total	<u>16,898,659</u>	<u>16,898,659</u>	<u>17,320,770</u>	<u>24,126,323</u>
Accumulated depreciation				
Total Accumulated depreciation	(4,254,152)	(6,765,380)	(7,030,837)	(7,328,622)
Total Governmental net capital assets	<u>12,644,507</u>	<u>10,133,279</u>	<u>10,289,933</u>	<u>16,797,701</u>
Business-type Activities				
Land	\$ -	\$ -	\$ -	\$ 247,691
Construction-in-progress	-	-	-	-
Buildings and improvements	836,348	-	-	-
Equipment	453,885	-	-	348,660
Infrastructure	7,938,101	9,924,601	10,142,541	9,572,352
Total	<u>9,228,334</u>	<u>9,924,601</u>	<u>10,142,541</u>	<u>10,168,703</u>
Accumulated depreciation				
Total accumulated depreciation	(4,167,910)	(4,393,219)	(4,611,889)	(4,913,310)
Total Business-type net capital assets	<u>\$ 5,060,424</u>	<u>\$ 5,531,382</u>	<u>\$ 5,530,652</u>	<u>\$ 5,255,393</u>

2008	2009	2010	2011	2012	2013
\$ 1,118,648	\$ 1,118,648	\$ 1,118,648	\$ 1,536,248	\$ 1,536,248	\$ 1,536,248
-	92,397	-	-	-	-
7,759,526	8,388,508	8,318,333	8,346,414	4,221,448	4,221,448
376,438	292,115	306,543	392,039	385,766	425,998
14,986,648	15,824,033	16,094,430	16,183,515	15,815,655	16,279,484
24,241,260	25,715,701	25,837,954	26,458,216	21,959,117	22,463,178
(7,994,384)	(8,558,186)	(9,275,200)	(10,013,178)	(4,555,664)	(4,812,370)
16,246,876	17,157,515	16,562,754	16,445,038	17,403,453	17,650,808
\$ 247,691	\$ 247,691	\$ 247,691	\$ 247,691	\$ 247,691	\$ 247,691
-	-	88,645	-	-	-
-	-	-	-	574,387	574,387
428,084	428,084	552,625	557,499	582,952	740,718
9,985,252	10,065,452	10,116,246	10,968,077	10,729,454	10,765,834
10,661,027	10,741,227	11,005,207	11,773,267	12,134,484	12,328,630
(5,271,324)	(5,589,314)	(5,908,365)	(6,242,860)	(6,571,046)	(6,908,230.00)
\$ 5,389,703	\$ 5,151,913	\$ 5,096,842	\$ 5,530,407	\$ 5,563,438	\$ 5,420,400

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JJACPA, Inc.

A Professional Accounting Services Corp.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING
STANDARDS**

To the Honorable Mayor and City Council
of the City of Buellton
Buellton, California

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison information of the City of Buellton, California (City), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 21, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

To the Honorable Mayor and City Council
of the City of Buellton
Buellton, California
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

JJACPA, Inc.

November 21, 2013

JJACPA, Inc.

CITY OF BUELLTON
City Council Agenda Staff Report

City Manager Review: MPB
Council Agenda Item No.: 12

To: The Honorable Mayor and City Council

From: John Herrera, Contract Fiscal Consultant

Meeting Date: December 12, 2013

Subject: Quarterly Financial Report – 4th Quarter Ending June 30, 2013

BACKGROUND

Staff is pleased to present the first Quarterly Financial Report for the City of Buellton. This Quarterly Financial Report is for the 4th quarter ending June 30, 2013. The next Quarterly Financial Report will be for 1st Quarter ending September 30, 2013 and will be presented to the City Council for consideration of the Mid-Year Budget report in January.

The preparation of this Quarterly Financial Report provides a template for all future reports and will enhance the value of the monthly reports now being provided to the City Council.

This 4th quarter Quarterly Financial Report (Attachment 1) provides a different perspective on the financial position and results of operations of the City of Buellton organization. While the Comprehensive Annual Financial Report (CAFR) is a presentation of audited financial statements that must satisfy appropriate format and requires several months to prepare, the Quarterly Financial Report can be provided more quickly and in more of a narrative fashion. This allows the Finance Director to “tell the story” with regard to the City’s financial position, identifying financial trends, and timely alerting the City Manager and Council to problems “well in advance” so that there are never any surprises.

The 4th quarter Quarterly Financial Report usually takes longer to prepare than the CAFR because the Finance Director is aware that readers of the report will be inclined to compare the report to the “audited” financials in the CAFR.

Because the CAFR requires preparation of a final trial balance, with adjustments and accounting accruals, these two reports will invariably have differences at the 4th quarter ending June 30th. However, after each successive Quarterly Financial Report is issued, the estimates in these reports will become more and more accurate and will ultimately provide a “materially accurate” snapshot of the City’s financial position at any point in time.

Staff will be available to present the Quarterly Financial Report and can answer questions related to this report and its relationship to the CAFR.

FISCAL IMPACT

None

RECOMMENDATION

That the City Council receive and file the Quarterly Financial Report for the 4th quarter of Fiscal Year 2012/13 and for the year ending June 30, 2013.

ATTACHMENT

Attachment 1 – Quarterly Financial Report for the 4th Quarter ending June 30, 2013



City of Buellton

Quarterly Financial Report Fourth Quarter of 2012/13

December 12, 2013

OVERVIEW

This is the City's first Quarterly Financial Report (QFR) for the 4th quarter ending June 30, 2013. The QFR presents the City's financial position and highlights trends based on the City's budget and the balance sheet. Noteworthy points highlighted in this report for the General Fund are: (a) Fund reserves are at \$3.8 million, or 70% of annual operating costs, (b) Revenues rose \$225k, or 4% over 4th quarter last year, (c) Expenditures rose \$684k, or 11.5% over last year mostly due to public safety, and (d) the budget was over-spent by \$261k (5%) due to amendments not brought forward at Mid-Year Budget, however, **actual revenues exceeded expenditures, leaving \$603k net operating revenue for the year.** These points will be explained in this 4th quarter QFR.

Budget Amendments this Quarter: None.

GENERAL FUND

General Fund Budget Summary: The General Fund revenue budget was under estimated by 36% of projections and the expenditure budget came in at 5.0% "over budget" as summarized below:

General Fund Total	Budget	YTD Actual	Percent
Revenues	4,296,365	5,825,617	136%
Expenditures	4,947,216	5,208,580	105%
Transfers	70,575	13,771	20%
Balance, Start of Year	4,524,426	3,199,734	-
Balance, Year-to-Date	3,803,000	3,803,000	-

Fund Balance: The beginning "available" fund balance in the General Fund was "restated" to present a better estimate of funds available for economic uncertainty and for capital improvements. We also discounted available fund balance due to the \$6.2 million of "restricted" cash pending resolution of the RDA lawsuit. The revised "available" fund balance in the General Fund at June 30, 2013 on a "budgetary basis" stands at \$3.8 million.

Top Five Revenues. The top five revenues account for 88% of total General Fund revenues. By focusing on these, the City can improve its confidence in funding the budget. Tax revenues were grossly under estimated this year, thus we're comparing year to year actuals rather than budget vs. actuals.

Top Ten Revenues	Budget	YTD Actual	Percent
Sales Tax	1,500,000	1,744,085	116%
Property Tax	840,000	1,447,302	172%
TOT	1,100,000	1,344,904	122%
Motor Vehicle ILF	355,000	366,025	103%
Franchise Fees	205,000	207,922	101%
Other Revenues	172,865	715,379	414%
Total	4,172,865	5,825,617	140%

- **Sales tax.** Sales tax is the #1 revenue in the General Fund at \$1.7 million, funding 30% of the budget. Retail sales per capita in Buellton are at \$26,500, well above the \$9,900 in the County. Sales taxes grew 8.2% over last year and are expected to grow 5% next year likely requiring a Mid-Year Budget adjustment of about \$100,000 to revenues.

- **Property taxes.** This tax revenue generates \$1.4 million, or 25% of the General Fund budget. Property values in Buellton and the County will take a couple of years to recoup assessed values lost during the recession. However, a review at Mid-Year Budget will provide another opportunity to revise the revenue estimate.

- **Transient occupancy tax (TOT).** TOT revenues fund 23% of the General Fund budget, ending the year at \$1.3 million, 8.5% above last year. TOT revenues are now back to the peak 2007/08 levels, after discounting for the TOT rate increase from 10% to 12%, and we expect TOT revenues to grow by another 11.5% as shown in next year's budget.

- **Motor Vehicle License Fees (VLF).** VLF revenue brings in \$366k funding 6% of the budget and ended the year about 1% below last year. We expect this revenue to remain flat next fiscal year due to recent trends.

- **Franchise Fees.** MarBorg Industries collects solid waste in Buellton and makes a franchise fee payment to the City that generates \$207k annually to fund about 4% of the General Fund budget.
- **All Other Revenues.** All remaining revenues fund about 12% of the General Fund budget. These revenues combined fell from \$1.1 million last year to \$700k this year, largely due to interest earnings which fell from \$415,776 to \$91,063 due to the dissolution of the Redevelopment Agency (RDA).
- **Expenditures.** The General Fund budget went over-budget by \$261k, or about 5% of the budget.

As of June 30, 2013, actual General Fund expenditures were \$5.2 million. The budget went 5% over budget (without capital) as shown below:

Expenditures	Budget	YTD Actual	% Expense
City Council	122,343	110,286	90%
City Manager	166,413	260,423	156%
City Clerk	92,645	92,662	100%
City Attorney	125,050	196,999	158%
Non-Departmental	402,348	549,974	137%
Finance	186,439	160,492	86%
Police & Fire	1,787,656	1,872,020	105%
Library	86,378	85,399	99%
Recreation	483,156	494,728	102%
Street Lights	55,000	48,247	88%
Storm Water	151,000	133,799	89%
Public Works - Parks	242,350	204,372	84%
Public Works - Landscape	114,400	15,040	13%
Public Works - Engineering	64,000	66,443	104%
Public Works - General	528,384	604,478	114%
Community Development	339,654	313,218	92%
Total Operating Costs	4,947,216	5,208,580	-5%
Capital Outlay	70,575	13,771	20%
Total All Departments	5,017,791	5,222,351	-4%

The expenditure budget was exceeded by 5%; however, actual revenues were \$5.8 million, exceeding the \$5.2 million expenditures by \$603k for the fiscal year ending June 30, 2013.

The following chart shows General Fund operating expenditures by **Expenditure Type**:

Expenditures By Type	Budget	YTD Actual	% Expended
Staffing	1,467,631	1,507,356	103%
Contract services	2,474,934	2,612,742	106%
Telecomm & utilities	204,750	179,463	88%
Supplies & Materials	88,675	90,981	103%
Other operating costs	691,676	745,212	108%
Minor capital	19,550	72,825	0%
Total by type	4,947,216	5,208,579	105%
Capital Outlay	70,575	13,771	20%
Total	5,017,791	5,222,350	104%

All budget categories went over budget except for Telecommunications & Utilities. However, the

reason for this is a Mid-Year Budget process that ignored required budget amendments that would have raised the General Fund budget to ensure that all General Fund expenditures came in within budget. On a cash basis, expenditures were fully funded with actual net revenue of \$603k. Nevertheless, the budget should never be allowed to go over budget. Staff will ensure that next year, the Mid-Year Budget will be given greater attention to ensure these budget issues do not happen again.

SUCCESSOR AGENCY

With the dissolution of the RDA, the City has followed the Successor Agency financial management procedures, which require the approval of all expenditures by the Oversight Board. The Successor Agency does not have much in the way of Enforceable Obligations in its ROPS filings. However, given the additional legal and financial consulting needs, the Oversight Board has approved additional “Administration” cost reimbursement funds from the State Department of Finance (DOF). City staff will need to stay on top of ROPS reporting to ensure full reimbursement of “Administration” costs next year, specifically the 2nd half of 2013/14.

Also, legal counsel is working hard to ensure release of \$6.2 million in “restricted” General Fund monies which were disallowed as an “enforceable obligation” by the State DOF. Regarding the Buellton vs. DOF lawsuit, on September 23, 2013 the City filed a Declaration providing documentation that largely all of the \$6.2 million in RDA funds repaid to the City’s General Fund was made with tax increment property tax revenues. The City Attorney’s office will be monitoring this lawsuit and related lawsuits which may affect the City’s position.

As of the 4th quarter, the Successor Agency (SA) expended \$104k in operating costs and made a payment of \$1.7 million to the Housing Authority as required by RDA Dissolution procedures.

SA Expenses	Budget	YTD Actual	% Expense
Low/Mod Housing	1,723,168	1,723,168	100%
Debt Service Fund	0	-	NA
SA Operations	104,045	104,045	100%
Transfers	0	0	NA
Total	1,827,213	1,827,213	100%

Note the SA Funds received \$206k in revenues for ROPS through the County of Santa Barbara.

CAPITAL IMPROVEMENT PROJECTS

The City did not have a formal Capital Improvement Program (CIP) budget for fiscal year 2012/13; however, in fiscal year 2013/14, the City Council approved the creation of the Citywide CIP Fund that will allow monthly and quarterly review and reporting to the City Council and management.

The following summarizes the CIP project budgeted and expended during fiscal year 2012/13:

CIP Exp by Fund	Budget	YTD Actual	% Exp
General Fund	70,575	13,771	20%
Street Projects	736,917	425,667	58%
Water & Sewer	475,000	0	0%
Total	1,282,492	439,438	34%

The City had \$843,054 of unexpended CIP funding that was rolled over into fiscal year 2013/14. This funding was added to the new \$1.4 million in CIP funding, for a total Citywide CIP Fund budget of \$2.3 million. Future Quarterly Financial Reports will break out CIP project budget expenditures by “type of project” instead of by “fund” as shown above.

SPECIAL REVENUE FUNDS

The following summarizes the activities of Special Funds as of this Fourth Quarter at June 30, 2013:

Expenditures	Budget	YTD Actual	% Expended
Housing Fees Fund	3,450	2,970	86%
Gas Tax Fund	216,974	123,897	57%
LTF Fund	90,750	75,517	83%
Transportation Plan	25,000	23,188	93%
Measure A Fund	91,213	73,703	81%
Total Departmental	427,387	299,275	70%
Transfers Out	0	0	NA
Total	427,387	299,275	70%

The total budgets for Special Funds stand at 70% for 4th quarter ending June 30, 2013. Next year, Special Revenue Fund budgets are consolidated within the General Fund because Special Funds should be used only for recording revenues, with transfers out to reimburse the General Fund for related costs.

ENTERPRISE FUNDS

The following summarizes year-to-date revenues, expenses and changes in working capital for the Water & Wastewater (Sewer) enterprise funds. Cash flows are more relevant when discussing the financial position and results of operations of the City’s two enterprise funds. However, budget vs. actuals are presented for revenues and expenses for

the 4th quarter ending June 30, 2013. Actual revenues came in at 106% of the budget and expenses came in at 93% of the amount budgeted. None of the \$200k budgeted for capital improvements were expended; however, this amount was carried over into next year to be included as a part of the Citywide CIP budget.

In enterprise funds we do not present a fund balance, rather, we present working capital, which identifies current assets compared with current liabilities. The working capital estimated at June 30, 2013 totals \$1,949,000 as approved in the budget for fiscal year 2013/14 and as shown below:

Water Fund

Working Capital	Budget	YTD Actual	Percent
Revenues	1,426,700	1,512,243	106%
Expenditures			
Operating Programs	1,849,952	1,715,442	93%
CIP projects	200,000	0	0%
Debt service	0	0	0%
Other Sources (Uses)	0	0	0%
Balance, Start of Year	2,572,252	2,152,199	
Balance, Year-to-Date	1,949,000	1,949,000	-

The Finance Director will be working with the City Engineer and the City Manager to discuss the cash flows in the enterprise funds and propose a review of Water and Wastewater rates. This fiscal review of the cash flows in relation to current and future infrastructure improvements will provide scenarios of required fiscal action to fully-fund the City’s municipal enterprise operations in the long term.

For the Sewer Fund, actual revenues also came in at 106% of the budget and expenses came in at 89% of the amount budgeted. None of the \$275k budgeted for capital improvements were expended; however, this amount was carried over into next year to be included as a part of the Citywide CIP budget.

Sewer Fund

Working Capital	Budget	YTD Actual	Percent
Revenues	624,550	662,707	106%
Expenditures			
Operating Programs	927,862	828,880	89%
CIP projects	275,000	0	0%
Debt service	0	0	0%
Other Sources (Uses)	0	0	0%
Balance, Start of Year	2,450,312	2,038,173	
Balance, Year-to-Date	1,872,000	1,872,000	-

For the Sewer Fund, the working capital estimated at June 30, 2013 totals \$1,872,000 as approved in the budget for fiscal year 2013/14 and as shown above.

The Water & Wastewater enterprise funds have enough working capital to get through another few years of operations. However, this does not take into account the millions of dollars of unfunded infrastructure improvements that will likely be needed during that period.

As stated above, the Finance and Public Works Departments will have to work with the City Manager's Office to ensure proper Water & Sewer rate revenue management, including the preparation of a long-term capital improvement and financing plan for the two municipal enterprises.

A 10-year Water & Sewer Rate study can be considered with a forecast of Sewer rates, operating/administrative costs, depreciation, and net residual cash flow available for capital improvements and to maintain a healthy operating reserve to cover contingencies that may come up.

SUMMARY

On a cash flow basis, the General Fund ended the 4th quarter with a surplus, or net revenue of \$603k. However, due to the oversight during the Mid-Year Budget process, the fiscal year 2012/13 budget did not meet its targets. Revenues were grossly "under estimated" by 36% and expenditures ended the year at 5% over budget.

The City continues to hold the line on expenditures. With the implementation of a new purchasing policy and the use of encumbrance accounting, the City Manager will be in a better position to more closely monitor operating costs and allow for the presentation of more accurate and detailed monthly budget reports to the City Council and the public.

The more immediate financial work needed is in the Water & Sewer enterprise funds. Until user rates fully fund annual operating costs, *including depreciation*, these enterprise funds will continue to deplete the working capital estimates presented above.

DISCLOSURE NOTES

The Quarterly Financial Report (QFR) presents the financial position of the City using the most recent data available from the City's Fundware accounting system at September 30th, December 31st, March 31st,

and June 30th. The Finance Director will use the balance sheet and revenue and expenditure reports to compile each QFR, presenting management's "best estimates" at end of each quarter. However, the QFR is not an audit report and is not intended to reconcile to audited financial statements.

The City publishes the 4th quarter QFR as soon as possible to provide a timely financial report because the annual audit report and Comprehensive Annual Financial Report will not be published until October or November, several months after fiscal year ending June 30th. Thus readers will need to understand that the 4th quarter QFR may not exactly match the CAFR at June 30th.

The CAFR requires comprehensive year-end accounting procedures to be performed, including accrual of all revenues and expenditures. The Quarterly Financial Report, although it is management's "best estimates", will never be as accurate as the numbers presented in the CAFR. With the implementation of the encumbrance accounting system being implemented, this will result in more accurate Quarterly Financial Reports for the City Council and all readers of this report.

For more information: This summary is based on detailed information produced by the City's financial management system. If you would like additional information, or have any questions about the report, please call the Finance Director/City Treasurer at (805) 686-7422.

CITY OF BUELLTON
City Council Agenda Staff Report

City Manager Review: MPB
Council Agenda Item No.: 13

To: The Honorable Mayor and City Council

From: Rose Hess, Public Works Director

Meeting Date: December 12, 2013

Subject: Discussion and Proposed Budget Adjustment for Full-Time Facilities Maintenance Position

BACKGROUND

The City of Buellton Public Works Department is currently staffed with 7 full-time and 1 part-time employees. The positions include 1 Director, 5 Water/Wastewater Operators, 1 Grounds Maintenance position and 1 part-time Meter Reader/Grounds Maintenance position. The Public Works Department is responsible for the operation, maintenance, and compliance of the sewer collection system (including manholes and cleanouts), wastewater treatment plant, public lift stations, water distribution system (including fire hydrants and valves), water meters, water treatment systems, groundwater wells, booster station, reservoirs, roads, medians, landscaping, public building maintenance, park and ride lots, and parks.

Most of the repair and maintenance of the responsibilities listed above are completed through outside contractors. Long term reliance on contractors for repair and maintenance of our facilities is detrimental to our ability to be efficient and timely with needed repairs. Work is currently “accumulated” to provide a balance in costs of using an outside contractor. Not only do time delays occur due to the “accumulation” but also due to the time required to prepare plans and specs, request bids, and award a contract. A full-time facilities maintenance person, whose duties would include repair and maintenance at all public facilities would allow minor repair and maintenance work to be completed in a more timely manner, rather than wait for contractors to perform the work.

Another benefit is the ability to transfer long-term institutional knowledge of the maintenance of our facilities. Several Public Works employees have been with the City/District for over 20 years and when these employees retire, a significant knowledge gap will occur. Therefore, succession planning and cross-training of our workforce is essential to ensure continuity of services going forward.

Efficiency is achievable. Over the past 6 months, the part-time Grounds Maintenance employee has been utilized to complete various repairs that would otherwise be “accumulated” and contracted out. These repairs have included: concrete median work on Sycamore Drive that was damaged during a car accident, installation and programming of irrigation control systems, assessment and procurement of replacement valves at the water treatment plant (repair to follow as materials are delivered), clean-up and disposal of debris at the wastewater treatment plant, and a variety of other repairs and maintenance projects that have to be dealt with on a daily basis. These repairs completed “in-house” have already saved the City an estimated \$20,000 if the jobs were contracted out. In addition, these repairs were completed in a timely fashion.

In order to fill this position, Human Resources would complete the recruiting process, which includes advertising and interviewing qualified candidates. This process would occur during the months of December 2013/January 2014. It is anticipated that a full-time person would be ready to start by January 2014.

The job description for the position is provided as Attachment 1. The description is specific to the required knowledge and experience we are seeking. As previously mentioned, this position would be able to complete repairs and maintenance work at all public facilities, including the wastewater treatment plant, roads, parks, building, etc.

FISCAL IMPACT

With the reduction of repair and maintenance costs that would be contracted to a private contractor, some monies that have been budgeted within the Capital Improvement Projects account, such as Miscellaneous Water Facilities Improvements, can be transferred to the various Salaries account to fund the position. This would result in a zero net increase to the budget. Staff anticipates that this zero net increase would continue in the future as we would assign funds that would have been allocated for repair and maintenance to the new staff position.

The total cost of a full-time Facilities Maintenance position is estimated to be \$55,000 (\$39,000 base salary, plus \$16,000 benefits). A budget amendment would be necessary to make the transfer of monies between accounts and may be done during the Mid-Year Budget Review in January 2014.

RECOMMENDATION

Staff recommends that the Council approve the full-time Facilities Maintenance position and the budget amendment to be reflected in the Mid-Year Budget Review in January 2014, and direct the Human Resources Director to complete the recruitment process.

ATTACHMENT

Attachment 1 – Facilities Maintenance Worker Job Description



FACILITIES MAINTENANCE WORKER

Job Description

Under general supervision, operates specialized meter equipment and performs a variety of semi-skilled and skilled maintenance work, and operates a variety of equipment and tools in the construction, operation, repair, maintenance, and replacement of Public Works facilities.

EXAMPLE OF DUTIES:

- Performs manual labor and operates equipment associated with the operation, maintenance, repair and construction of the roadway system, including, roadway, shoulder, sidewalks, curb and gutter, street signs and medians
- Performs manual labor and operates equipment associated with the operation, maintenance, repair and construction of the storm drain system, including inlets, catch basins, outlets and pipeline
- Performs manual labor and operates equipment associated with the maintenance, repair and construction of the water system, including distribution system, water treatment system, wells, reservoirs, booster station, valves and meters
- Performs manual labor and operates equipment associated with the maintenance, repair and construction of the wastewater system, including collection system, lift stations, wastewater treatment, manholes, and clean-outs
- Read and record water meters
- Performs maintenance of parks, lawns, and open space (including mowing, edging, weeding, etc.) and other landscape vegetation control and litter control
- Performs maintenance and repair of public building facilities, including city-owned buildings trellis, pergolas and transit bus shelters
- Perform traffic control as needed
- Perform mechanical work as needed
- Minor construction projects, which include carpentry, concrete or electrical work
- Assist with code enforcement of brush, trees, illegal dumping
- Assist with emergency work, including sewer over flow response
- Performs other duties as assigned

EDUCATION AND EXPERIENCE:

- High school diploma or equivalent
- At least two (2) years of facilities maintenance and construction experience required, preferably in a public agency
- Valid California State Driver's License and safe driving record

KNOWLEDGE, SKILLS AND ABILITIES:

This position performs a variety of semi-skilled and skilled maintenance work, and operates a variety of hand and power tools in the construction, operation, repair, maintenance, and replacement of the City's water system (supply, treatment or distribution facilities and systems), the City's wastewater system (collection, conveyance or treatment facilities and systems), City buildings and facilities. Familiarity with these systems and facilities is essential. Ability to operate tractor, front-end loader, lawnmower, chainsaw, and other machinery. Ability to complete mathematical calculations and measurements. The candidate must have good communication skills for interacting with other staff and the general public. The candidate must also have the ability to understand and carry out complex verbal and written instructions.

PHYSICAL DEMANDS AND WORKING CONDITIONS:

Willingness to work outdoors under varying climate conditions and ability to effectively deal with allergens and insects. Must be able to drive and walk in all types of weather and walk several miles a day. During meter reading, may encounter insects, snakes, and animals such as rats or dogs. Must be in good physical condition, able to bend and stoop many times each day to read meters, attend to landscaping, climb stairs or ladders, and operate heavy equipment. Ability to lift and carry 50-pound bags. Substantial day-to-day interaction with other employees and the public to provide requested services with accurate attention to detail and adherence to procedures and standards. Must be able to do shift work, including weekends and holidays. Salary DOE.

This job description is not intended to be all-inclusive. Under the direct supervision of the Public Works Director, the employee may also perform other reasonable related duties as assigned. Applicant must successfully pass a pre-employment physical, background investigation, and Live Scan. This position is considered non-exempt and is a regular full-time position.