



2014

Comprehensive Annual Financial Report



Fiscal Year Ended June 30, 2014
Buellton, California

2014

Comprehensive Annual Financial Report



Fiscal Year Ended June 30, 2014
Buellton, California

Prepared by:

Carolyn Galloway-Cooper, CPA
Finance Director

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**City of Buellton, California
 Comprehensive Annual Financial Report
 For the year ended June 30, 2014**

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City of Buellton

December 1, 2014

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

We are pleased to present the Comprehensive Annual Financial Report (“CAFR”) of the City of Buellton (“City”) for the fiscal year July 1, 2013 through June 30, 2014. Although submitted to the Mayor and City Council (“Council”) for consideration, the CAFR is also intended to provide relevant financial information to the residents of Buellton, taxpayers, creditors, investors and other interested parties.

The letter of transmittal provides a non-technical summary of City finances, services, achievements and economic prospects. We ask that readers who wish a more detailed discussion of the City’s financial results refer to Management’s Discussion & Analysis (“MD&A”). State law requires that every general purpose local government publish, within twelve months of the close of each fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2014.

The City Administration is responsible for the accuracy of the information contained in this report, the adequacy of its disclosures and the fairness of its presentation. We believe this CAFR to be complete and reliable in all material respects. To provide a reasonable basis for making this representation, we have established a comprehensive system of internal controls designed to protect City assets from loss to identify and record transactions accurately, and to compile the information necessary to produce financial statements in conformity with generally accepted accounting principles.

The City contracted with JJACPA, Inc., a Certified Public Accountant licensed to practice in the State of California, to perform the annual independent audit. The auditors expressed an opinion that the City’s financial statements for fiscal year 2013-2014 are fairly stated in conformity with accounting principles generally accepted in the United States. This is the most favorable conclusion and is commonly known as an “unmodified” or “clean” opinion. The independent auditor’s report is included in the Financial Section of this report.

REPORTING ENTITY

The City of Buellton has operated under the Council-Manager form of government since 1992. The Mayor and Council form the legislative body that represents the community and is empowered to formulate citywide policy. Council members serve four-year terms, with three members elected every two years. The Mayor is appointed by the Council but will change because the voters recently passed a measure that requires the Mayor to be elected for a two-year term starting in 2016. In addition to the City Manager, the City Attorney is appointed by and reports directly to the Council.

Letter of Transmittal (Continued)

The City of Buellton, California incorporated in 1992 and is in the central coast part of the state in the Santa Ynez Valley. It is located at the regional intersection of Highways 101 and 246 about 45 miles North of the City of Santa Barbara. Buellton occupies an area of 1.6 miles and serves a population of about 4,900 consisting of 1,800 households within the City. Thousands of travelers have come to know Buellton as the Home of the Original Split Pea Soup, giving credit to Anderson's Split Pea Soup Restaurant. The City is surrounded by cattle ranches, the beautiful Santa Ynez Mountains, vineyards and wineries. No longer merely a crossroads stop for tourists and travelers, the City has evolved into a highly desirable place to live and work. Buellton's scenic biking routes, hiking trails and wine trails are a popular recreational attraction. The botanical gardens at Riverview Park are a picturesque vista for locals and tourists alike.

The City of Buellton provides a full range of services, including police and fire protection; refuse collection; off-street parking; building inspections; licenses and permits; the construction and maintenance of highways, streets, and other infrastructure; recreational and cultural activities; library services; low-income housing; and transit services. The City contracts with the County of Santa Barbara for Police and Fire services. Refuse collection services are under contract with Marborg Industries. Water distribution and sanitary sewer services are provided through departments of the City of Buellton and are maintained as separate funds in the proprietary section of these financial statements.

ECONOMIC CONDITION AND FISCAL OUTLOOK

Fiscal year 2013-14 ended with solid growth in a number of revenue categories such as Sales Tax and Transient Occupancy Tax. Transient Occupancy Tax increased in large part due to the percentage increase from 10% to 12% after the electorate voted to raise it 2% effective February 2013. The City experienced strong sales tax revenue with top producers being Fuel and Service Stations at 32%, Autos and Transportation at 29%, Restaurants and Hotels at 17%. Other categories such as property tax measured slightly lower than expected. Growth is anticipated in this category with an approved housing development at the City's Crossroads location in the next fiscal year. The Village Town Homes will include 156-unit townhome project, senior citizen apartment complex and commercial development.

The 2013-14 Adopted Budget was developed with the assumption of continued economic strength. Economic indicators and actual revenue performance support this assumption during 2013-14. The City Council adopted a balanced budget a similar to prior years, the operating budget did not include significant reductions in services, staffing and employee compensation. The City was able to continue funding Buellton library services with a contribution to the Lompoc Library System. Community Organization Support increased over the prior year with contributions to the Senior Center, People Helping People, Food Bank and Santa Ynez Valley Fruit and Vegetable Rescue. Consistent with prior years, funding was provided to the Visitor's Bureau to promote tourism. It is paid as a percentage of Transient Occupancy Tax and increases proportionately with that revenue source.

The City has a significant visitor population and numerous employees coming from neighboring Santa Barbara County jurisdictions. Employment is concentrated within accommodation and food services, manufacturing, retail trade and agriculture. The average household income is \$79,200. The households are mostly owner-occupied, newer housing. There is a large mobile home population consisting of about 20% of the population. The annual population growth rate through 2017 is expected to be .65 percent per year. According to Zillow Home Value Index, Buellton's home value

Letter of Transmittal (Continued)

peaked in 2005 at \$683,700. The July 2014 value is \$488,000. The median home value for Santa Barbara County compares at \$527,400 along with the California value of \$431,400.

The unemployment rate in Buellton ended the fiscal year at 5.4 percent. This rate remains well below California. According to the Bureau of Labor Statistics (BLS), the unemployment rate for California fell 0.2 percentage points in June 2014 to 7.4 percent. The National Unemployment Rate was lower than California at 6.2 percent.

LONG-TERM FINANCIAL PLANNING AND MAJOR INITIATIVES

Examples of Long-Term Financial Planning and Major Initiatives for the fiscal year ended June 30, 2014. Include the following:

- ◆ The City's Economic Development Task Force continued to work with the City's Economic consultant, Kosmont Companies. Consideration of a variety of economic development initiatives will allow the City to bring development projects that will expand the tax base and provide cash flow for funding the City's business plan.
- ◆ Starting December 30, 2013, the City began its Christmas Tree Recycling Program, "Buellton Treecycle 2014". Curbside pick-up or residents may bring their tree to Riverview Park to be chipped and mulched while they wait. The program provides citizens a means to recycle their Christmas trees and bring home a bag of fresh wood chips/mulch for their yards.
- ◆ In November of 2013 the City began receiving quotes for the installation of electric vehicle chargers at City Hall. A grant from the California Energy Commission and Air Pollution Control District was awarded in June 2014.
- ◆ In May 2014, the City issued a Request for Proposal for contract architectural services to assist with design recommendations and to review all projects to ensure compliance with the City's design. A contract was awarded in June 2014.
- ◆ On May 10, 2014, the 3rd Annual Firestone 805 Avenue of the Flags Criterium event took place in downtown Buellton. The event is designed for the community with free kids' races, expo booths, food, a Firestone Walker 805 Beer Garden in addition to a really fast and exciting short track, NASCAR-style bicycle racing.
- ◆ The City advocates water conservation and continues to provide "Waterwise" tips to help the public maintain quality lifestyle and landscapes.

CAPITAL IMPROVEMENT PLAN

The City established a Capital Improvement Program ("CIP") fund budget in 2012-13. The use of a CIP fund guides the City in the planning, scheduling and budgeting of capital improvement projects. The City is in the process of developing a Five-Year CIP by 2015-16. The CIP is updated annually and approved by Council. The CIP is the blueprint for resource investments to improve and rehabilitate existing public infrastructure while also making targeted investments that align with the City's expansion plans. In total, the City's 2013-14 CIP budget was equal to \$2.8 million and reflects

Letter of Transmittal (Continued)

a 23% increase from 2012-13. The CIP includes large investments to upgrade Water and Wastewater Treatment facilities, financial software upgrades and infrastructure upgrades.

- Circulation Improvements – Funding of \$218,000 for Town Center Driveway, McMurray Road Widening, Avenue of the Flags Park and Ride structure and Bus Shelter improvements assist with traffic flow. Majority of funding is through City General Fund and property owners benefitting at the Town Center project.
- Financial Accounting/Utility Billing Software Upgrade – Funding of \$150,000 to replace a ten year old software system. The City expects conversion in 2014-15.
- Road Maintenance and Storm Drain Retrofit – Funding of \$1.2 million for Phase III Highway 246 Pedestrian Crossing and Street and Pavement rehabilitation activities. The majority of this funding is through Measure A and Gas Tax with contractor reimbursement for Phase III Highway 246 Pedestrian Crossing.
- Water Treatment Plant – Funding of \$360,000 for Water Facilities, Reservoirs 1 & 2 and Water Treatment Plant Pump Booster Reliability Project. This level of funding did not require a rate increase but may be reviewed in 2014-15.
- Sanitary Sewer System Capital Program – Funding of \$330,000 for Sewer Collection System (CCTV) project, Sewer Line Replacement, Lift Station Security project and Head-Works Improvement. This level of funding did not require a rate increase but may be reviewed in 2014-15.
- Downtown Improvements – Funding of \$79,000 for upgrades to facilities and Way-finding Signs.

FINANCIAL INFORMATION

Budgetary Controls

The City maintains budgetary controls through the City council's adoption of an annual balanced budget. Expenditures for City operations cannot exceed revenues. The budgeted amounts approved in the annual budget are recorded in the City's accounting system for each fund. Fund level monitoring is performed monthly. Quarterly reports to Council include budget versus actual analysis. Budget amendments are submitted to Council when fund actual expenditures are expected to exceed budget.

The City continues to meet its responsibility for sound financial management as demonstrated by the statements and schedules included in the financial section of this report.

Cash and Investment Policy

The City invests unreserved idle cash in order to enhance the economic status of the City while protecting its pooled cash. The City's Investment Policy is to exercise prudent judgment and care when investing. The criteria for selecting investments and the order of priority are Safety, Liquidity and Yield. The city attempts to obtain the highest yield obtainable as long as investments meet the criteria established for safety and liquidity. The Statement of Investment Policy is updated annually and approved by the City Council.

Letter of Transmittal (Continued)

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded its Certificate of Achievement for Excellence in Financial Reporting to the City for its CAFR for the fiscal year ended June 30, 2013. This was the first year the City has received this prestigious award. To qualify for the Certificate of Achievement, the governmental entity must publish an easily readable and efficiently organized CAFR, the contents of which conform to program standards. Such report must satisfy accounting principles generally accepted in the United States of America, as well as all applicable legal requirements.

A Certificate of Achievement is valid for only one year. The City believes this CAFR continues to conform to the Certificate of Achievement Program requirements and will be submitting it to the GFOA for consideration of the annual award.

ACKNOWLEDGMENTS

The preparation of the CAFR represents the culmination of a concerted team effort by the entire staff of the Finance Department. Many members of the Departments demonstrated commendable dedication and long days of focused attention to produce this document.

In addition, staff in all City departments and the Successor Agency should be recognized. The City also recognizes the contributions and positive working relationship with JJACPA, Inc.

On behalf of the entire Finance staff, we express our appreciation to the Mayor and City Council for providing policy direction and support for achieving financial excellence in all aspects of financial reporting.

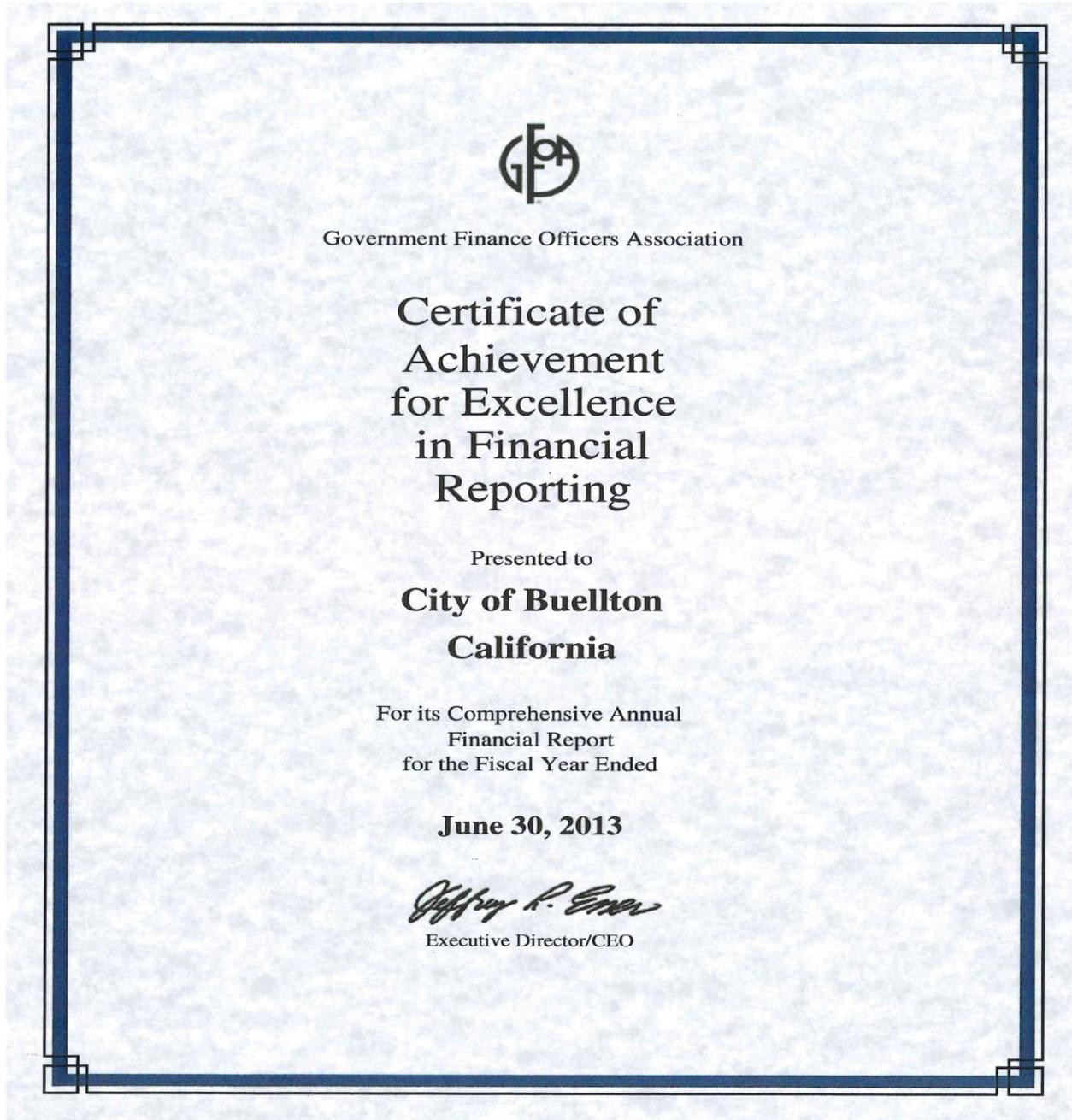
Respectfully Submitted,



Carolyn Galloway-Cooper, CPA
Finance Director

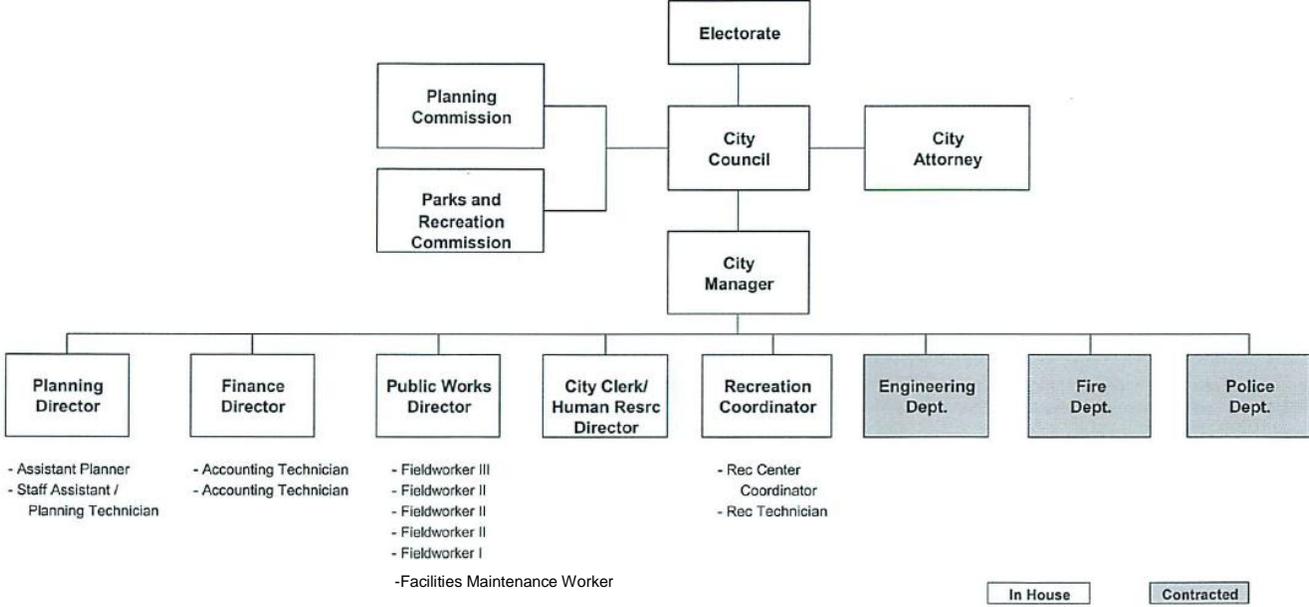
**City of Buellton, California
Comprehensive Annual Financial Report
For the year ended June 30, 2014**

Certificate of Achievement for Excellence in Financial Reporting



**City of Buellton, California
 Comprehensive Annual Financial Report
 For the year ended June 30, 2014**

Organization Chart



City of Buellton, California
Comprehensive Annual Financial Report
For the year ended June 30, 2014

List of Officials

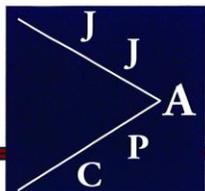
CITY COUNCIL

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

CITY OFFICIALS

- Marc Bierdzinski, City Manager/Planning Director
- Carolyn Galloway-Cooper, CPA, 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, 2014, 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
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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, 2014, 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
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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 December 1, 2014 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.

December 1, 2014

JJACPA, Inc.

JJACPA, Inc.
Dublin, CA

City of Buellton, California
Basic Financial Statements
For the year ended June 30, 2014

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, 2014. 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 \$40,560,837 (net position). Of this amount, \$9,519,700 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The Government's total Net Position decreased by \$686,444. This decrease is attributable to the investment in capital assets of almost \$580,000 and a decrease in revenue from property tax netted against other revenue increases. The net effect caused an additional reduction in net position by over \$100,000 in 2014. A summary of transactions reflecting Net Position is found on page 8 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 \$14,060,553, an increase of \$211,239 in comparison with the prior fiscal year. Approximately 40 percent of this total amount, \$5,804,552 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 \$6,050,021, of which \$3,200,000 is estimated by management to be "spendable" as shown in the adopted fiscal year 2014-15 City budget. There is \$2,850,021 included in the \$6,050,021 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, 2014

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, 2014

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, 2014

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, 2014, the City's major funds are as follows:

GOVERNMENTAL FUNDS:

- ◆ General Fund
- ◆ Traffic Mitigation Special Revenue Fund
- ◆ Transportation Planning Special Revenue Fund
- ◆ General Capital Projects 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 one private-purpose trust fund 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 49–78 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 82–90 of this report.

City of Buellton, California
Basic Financial Statements
For the year ended June 30, 2014

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 \$40,560,837 as of June 30, 2014.

The Summary of Net Position as of June 30, 2014, and 2013, follows:

	Summary of Net Position					
	2014			2013		
	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	\$ 12,193,361	\$ 5,112,435	\$ 17,305,796
Noncurrent assets	1,876,208	-	1,876,208	1,876,208	-	1,876,208
Capital assets	17,499,108	5,555,611	23,054,719	17,850,808	5,420,400	23,271,208
Total assets	<u>31,568,677</u>	<u>10,668,046</u>	<u>42,236,723</u>	<u>31,920,377</u>	<u>10,532,835</u>	<u>42,453,212</u>
Current and other liabilities	331,103	95,022	426,125	351,319	98,008	449,327
Noncurrent liabilities	841,632	126,416	968,048	601,196	155,408	756,604
Total liabilities	<u>1,172,735</u>	<u>221,438</u>	<u>1,394,173</u>	<u>952,515</u>	<u>253,416</u>	<u>1,205,931</u>
Net Position:						
Net investment in capital assets	17,499,108	5,555,611	23,054,719	17,650,808	5,420,400	23,071,208
Restricted	7,986,418	-	7,986,418	7,993,664	-	7,993,664
Unrestricted	5,301,357	4,218,343	9,519,700	5,323,390	4,859,019	10,182,409
Total net position	<u>\$ 30,786,883</u>	<u>\$ 9,773,954</u>	<u>\$ 40,560,837</u>	<u>\$ 30,967,862</u>	<u>\$ 10,279,419</u>	<u>\$ 41,247,281</u>

Net Position decreased by \$686,444 in 2014 due to the investment in capital assets of almost \$580,000 and a decrease in revenue from property tax netted against other revenue increases. The net effect caused an additional reduction in net position by over \$100,000 in 2014. The main components of the capital assets relate to the Wastewater Enterprise Fund. Expenditures included planned capital projects and unexpected emergency sewer system repairs.

City of Buellton, California
Basic Financial Statements
For the year ended June 30, 2014

Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

The change in Net Position for the fiscal years ended June 30, 2014, and 2013, follows:

	Changes in Net Position					
	2014			2013		
	Governmental Activities	Business- type Activities	Total	Governmental Activities	Business- type Activities	Total
Revenues:						
Program revenues:						
Charges for services	\$ 388,450	\$ 2,245,135	\$ 2,633,585	\$ 292,774	\$ 2,110,361	\$ 2,403,135
Grants and contributions:						
Operating	639,327	1,699	641,026	919,707	3,250	922,957
Capital	-	-	-	-	36,380	36,380
General revenues:						
Secured and unsecured property taxes	1,116,510	-	1,116,510	1,528,000	-	1,528,000
Sales and use tax	1,935,411	-	1,935,411	1,744,085	-	1,744,085
Transient lodging tax	1,604,086	-	1,604,086	1,344,904	-	1,344,904
Franchise taxes	216,444	-	216,444	207,922	-	207,922
Other taxes	387,905	-	387,905	381,358	-	381,358
Investment income	41,160	7,932	49,092	102,197	11,401	113,598
Other general revenues	1,192	-	1,192	579	-	579
Total revenues	<u>6,330,485</u>	<u>2,254,766</u>	<u>8,585,251</u>	<u>6,521,526</u>	<u>2,161,392</u>	<u>8,682,918</u>
Expenses:						
Governmental activities:						
General government	1,771,834	-	1,771,834	1,519,771	-	1,519,771
Community development	469,675	-	469,675	313,216	-	313,216
Culture and leisure	595,098	-	595,098	588,733	-	588,733
Public safety	1,792,569	-	1,792,569	1,872,020	-	1,872,020
Public works	2,568,183	-	2,568,183	1,526,752	-	1,526,752
Business-type activities:						
Water	-	1,679,681	1,679,681	-	1,734,083	1,734,083
Sewer	-	453,728	453,728	-	847,522	847,522
Total expenses	<u>7,197,359</u>	<u>2,133,409</u>	<u>9,330,768</u>	<u>5,820,492</u>	<u>2,581,605</u>	<u>8,402,097</u>
Excess (Deficiency) of revenues over expenses before transfers	(866,874)	121,357	(745,517)	701,034	(420,213)	280,821
Transfers from fiduciary activities	59,073	-	59,073	-	-	-
Transfers	626,822	(626,822)	-	-	-	-
Change in net position	(180,979)	(505,465)	(686,444)	701,034	(420,213)	280,821
Net position:						
Beginning of year	30,967,862	10,279,419	41,247,281	30,266,828	10,699,632	40,966,460
End of year	<u>\$ 30,786,883</u>	<u>\$ 9,773,954</u>	<u>\$ 40,560,837</u>	<u>\$ 30,967,862</u>	<u>\$ 10,279,419</u>	<u>\$ 41,247,281</u>

City of Buellton, California
Basic Financial Statements
For the year ended June 30, 2014

Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Revenues

The City's total revenues for governmental and business-type activities were \$8,585,251 for the fiscal year ended June 30, 2014. Approximately 43% or \$3,692,947 of the City's key revenues is generated from three major sources.

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

- 1. Sales and Use Taxes** – The 11.0% 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 decreased by 26.9%, due to slowly recovering property values in Santa Barbara County and throughout the state.
- 3. Grants and Contributions – Governmental Activities Operating** – The 30.3% 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, 2014

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 \$9,330,768. Governmental activity expenses totaled \$7,197,359 or 77% of total expenses. Business-type activities incurred \$2,133,409 of expenses during the fiscal year. Public Works costs represented 36% 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, 2014, and 2013, are as follows:

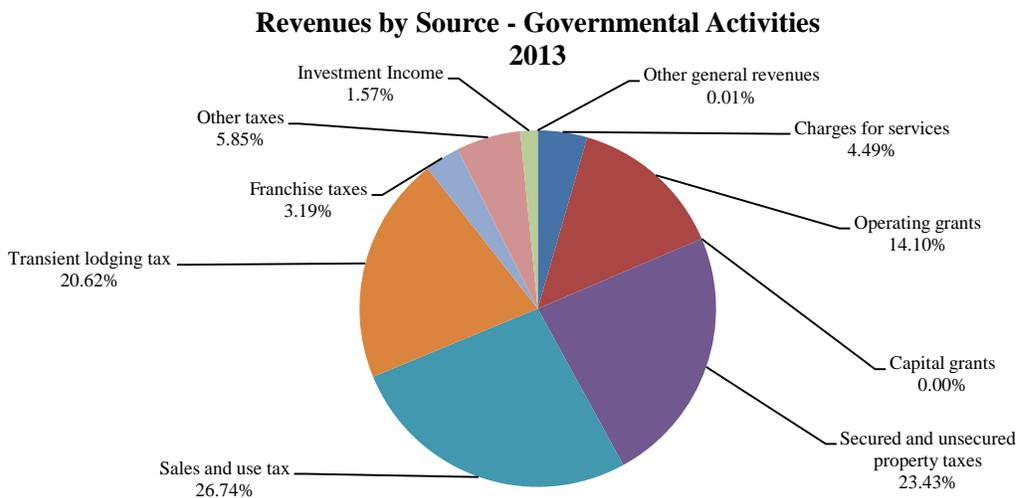
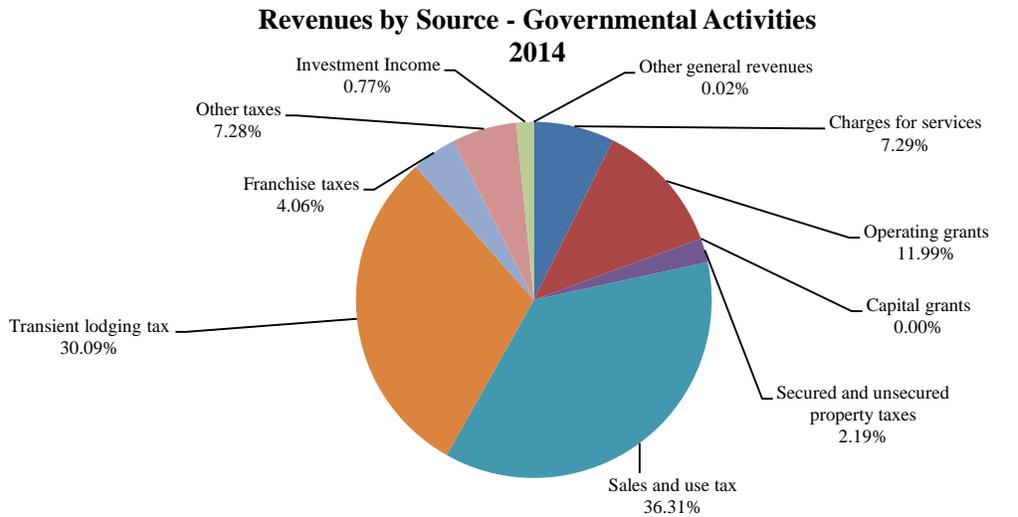
	2014		2013	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
General government	\$ 1,771,834	\$ 1,637,208	\$ 1,519,771	\$ 1,432,420
Community development	469,675	469,675	313,216	313,216
Culture and leisure	595,098	323,867	588,733	357,396
Public safety	1,792,569	1,754,440	1,872,020	1,724,038
Public works	2,568,183	1,984,392	1,526,752	780,941
Total	<u>\$ 7,197,359</u>	<u>\$ 6,169,582</u>	<u>\$ 5,820,492</u>	<u>\$ 4,608,011</u>

City of Buellton, California
Basic Financial Statements
For the year ended June 30, 2014

Management's Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Revenues by source for the fiscal years ended June 30, 2014, and 2013, are as follows:



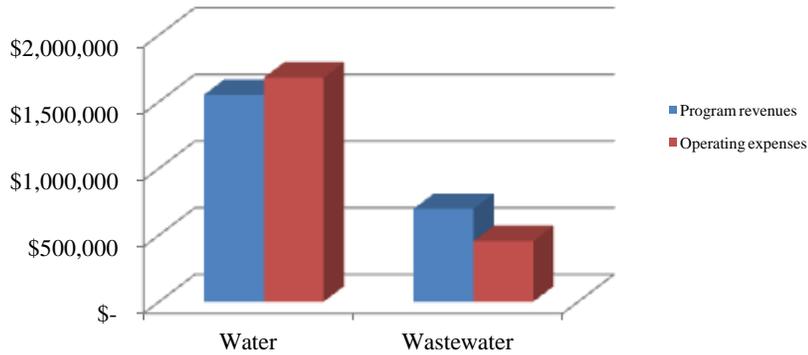
City of Buellton, California
Basic Financial Statements
For the year ended June 30, 2014

Management’s Discussion and Analysis, Continued

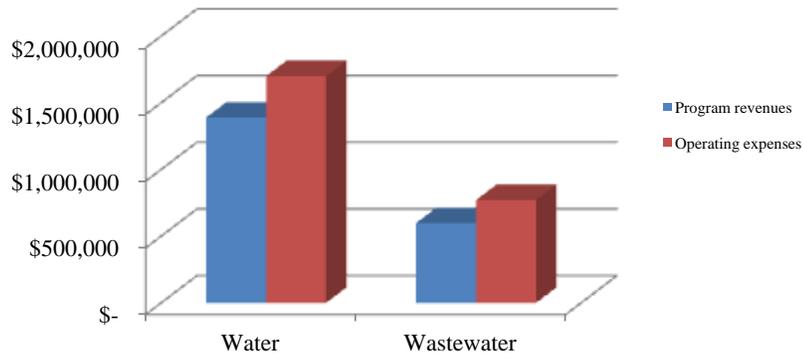
GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Business-type activities. Business-type activities increased the City’s Net Position by \$9,773,954. The City has two business-type activities: Water and Wastewater. Water accounts for 69%, and Wastewater accounts for 31% of total business-type activity revenue. The expenses and program revenues for the business-type activities for the fiscal year ended June 30, 2014, and 2013, are as follows:

**Expenses and Program Revenues
 Business-type Activities
 2014**



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

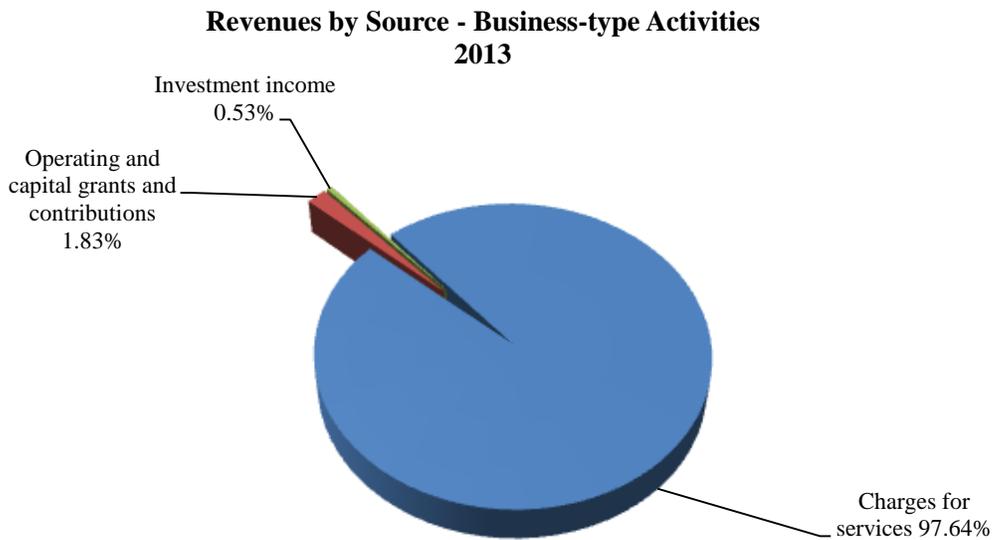
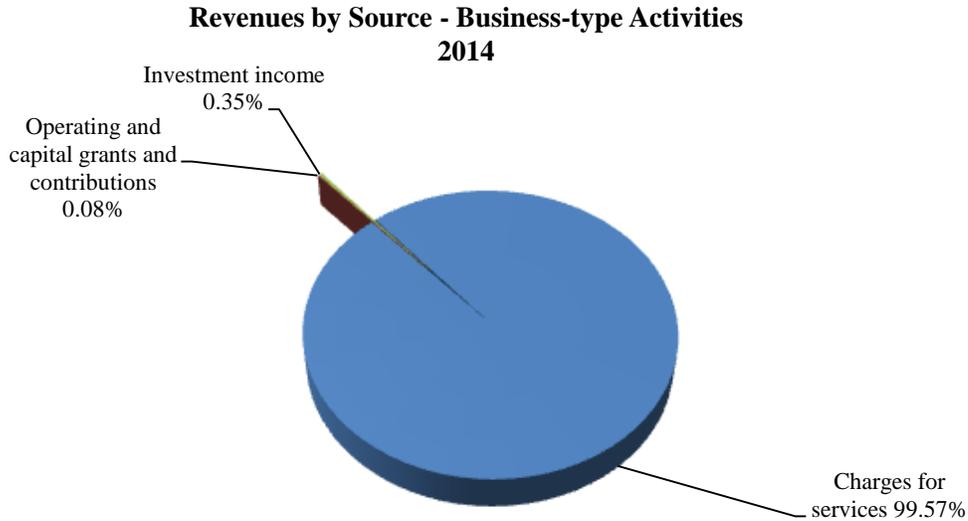


City of Buellton, California
Basic Financial Statements
For the year ended June 30, 2014

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, 2014, and 2013, are as follows:



City of Buellton, California
Basic Financial Statements
For the year ended June 30, 2014

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 \$14,060,553 an increase of \$211,239 in comparison with the prior fiscal year. Approximately 41 percent of this total amount (\$5,804,552) constitutes unassigned fund balance. 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 to fund amounts prepaid for the following fiscal year (\$269,583), and 3) for a variety of other restricted purposes (\$7,986,418).

The General Fund is the chief operating fund of the City of Buellton. The total fund balance in the general fund is \$12,490,983, of which \$6,050,021 is shown as "unassigned."

The fund balance of the City of Buellton's General Fund increased by \$394,032 during the current fiscal year. Key factors in this growth are as follows:

- A net decrease in general fund revenues of \$38,346.
- A net decrease in general fund expenditures of \$124,511.

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 \$2,851,581 and those for the wastewater fund amounted to \$1,366,762. The total change in unrestricted Net Position for both funds were (\$305,422) and (\$200,043), respectively.

City of Buellton, California
Basic Financial Statements
For the year ended June 30, 2014

Management's Discussion and Analysis, Continued

General Fund Budgetary Highlights

In fiscal year 2014, appropriation increases between the original and final budgets amounted to \$200,900 for the General Fund. This increase was brought about during the first half of the fiscal year when the City hired an outside consultant as interim Finance Director. Support staff was also contracted for assistance in the department at this time. In addition, legal costs increased in association with the dissolution of the former Buellton Redevelopment Agency. The required budget increases were reduced by overall savings within the General Fund departments.

Capital Assets

The City of Buellton's investment in capital assets for its governmental and business-type activities as of June 30, 2014, amounts to \$23,054,719 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, equipment and infrastructure. The total decrease in the City's investment in capital assets for the current fiscal year was \$16,489. Of the total decrease, governmental activities showed a decrease of \$151,700, resulting from a decrease in net depreciable capital assets. Business-type activities increased by \$135,211, due to an increase in net depreciable capital assets.

	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
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	444,765	425,998	773,522	740,718	1,218,287	1,166,716
Infrastructure	16,364,557	16,279,484	11,207,646	10,765,834	27,572,203	27,045,318
Total Depreciable Capital Assets	21,030,770	20,926,930	12,555,555	12,080,939	33,586,325	33,007,869
Less: Accumulated Depreciation	5,067,910	4,812,370	7,247,635	6,908,230	12,315,545	11,720,600
Net Depreciable Capital Assets	15,962,860	16,114,560	5,307,920	5,172,709	21,270,780	21,287,269
Net Capital Assets	\$ 17,499,108	\$ 17,650,808	\$ 5,555,611	\$ 5,420,400	\$ 23,054,719	\$ 23,071,208

More detail of the capital assets and current activity can be found in the notes to the financial statements on Page 55 for significant accounting policies and Note 5 on Page 65 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, 2014

Management's Discussion and Analysis, Continued

Economic Outlook

- The City completed 2013-14 with better operating financial results than expected when the 2013-14 Adopted Budget was developed. The City finished the year exceeding budgeted revenues in all major categories except property tax. In May of 2014, the City Council approved a balanced General fund budget for 2014-15 that used consistent resources available on an ongoing basis while delivering essential services. The City's sales tax and transient occupancy tax (TOT) revenues are showing a steady increase based on prior year information and external data.
- The General Fund cash reserves are at over \$3 Million and revenues exceed expenditures in the 2014-15 budget by approximately \$20,000. There is a restricted amount of \$6.2 Million in addition to the approximate \$3 Million. Those reserves remain restricted until a legal decision is rendered concerning the City's current lawsuit against the State of California Department of Finance. The lawsuit stems from an outstanding loan to the former Buellton Redevelopment Agency.
- The City Council approved utility rate increases to address maintenance needs and to improve the financial viability of the water and wastewater fund. Incremental increases were applied from 2012 through 2015.
- A rate study is budgeted in the 2014-15 to determine if sufficient margins are met to cover operating costs in the Water and Sewer Funds.
- The City has implemented quarterly reports to support the financial management of City resources. As part of the mid-year budget review, the City prepares a report on financial position, considers economic factors and highlights trends based on the City's budget versus what actually occurred during the period. A discussion of other economic factors provides a means of comparing the local economy against the larger economic events that may affect the City. This provides Council with a budget review at four periods during the year. Council has a better control of costs, while identifying financial requirements prior to the close of the fiscal year.
- The General Fund ended the 2013-14 fiscal year with a fund balance of \$6,050,021 (unassigned). Operating expenditures approved in 2014-15 budget amount to \$5,274,080. The result is a coverage ratio of about 115%. Because it is difficult to fully anticipate dramatic changes in the national and local economies, the Council has set an unassigned fund balance goal of 25% of the general fund's operating expenditures.

City of Buellton, California
Basic Financial Statements
For the year ended June 30, 2014

Management’s Discussion and Analysis, Continued

NEXT YEAR’S BUDGETED APPROPRIATIONS

The adopted budget for all City funds for the new fiscal year of 2014-2015 was \$12,144,155. The adopted budget for fiscal year 2013-14 totals \$10,788,844 and is summarized, with CIP expenditures shown in the Citywide CIP row of the chart below for consistent comparison as follows:

	FY 2014-15	FY 2013-14	Amount Change	Percentage Change
General fund	\$ 5,900,114	\$ 5,440,370	\$ 459,744	7.8%
Water & Sewer Funds	3,100,544	2,795,635	304,909	9.8%
Citywide CIP Fund	2,792,397	2,262,089	530,308	19.0%
Special revenue funds	351,100	290,750	60,350	17.2%
Total budget	\$ 12,144,155	\$ 10,788,844	\$ 1,355,311	53.8%

1. General Fund – Shows an increase of \$459,744 or approximately 7.8%. The increase reflects essential services while prioritizing the needs of the community. Staffing increases include a part-time accounting technician in Finance Department and contract planning services in the Community Development Department. Public Works Engineering costs are expected to increase relative to development projects and public infrastructure improvements.
2. Water & Sewer Funds – Shows an increase of \$304,909 or approximately 9.8%. The increase is due to Equipment and Vehicle Replacement costs. Increases in State Water payments and other contract engineering costs are expected in 2014-15.
3. Citywide Capital Improvement Program (CIP) Fund – The CIP Fund was established in 2013-14 and tracks expenditures related to Capital Improvements in a single fund. CIP fund shows an increase of \$530,308 or approximately 19%. A combined project summary including financial accounting software, water and sewer facilities, water reservoirs, parks and maintenance projects are scheduled in 2014-15.
4. Special Revenue Funds – Show an increase of \$60,350 or approximately 17.2%. The increase is the result of ongoing road maintenance and circulation improvements throughout the City.

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, 2014

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 5,529,904	\$ 3,190,468	\$ 8,720,372
Restricted cash and investments	6,173,046	-	6,173,046
Receivables:			
Accounts receivable	606,174	207,780	813,954
Interest receivable	5,595	1,498	7,093
Inventory	-	10,252	10,252
Prepaid items	269,583	1,029,783	1,299,366
Total current assets	12,584,302	4,439,781	17,024,083
Noncurrent assets:			
Advances to fiduciary activities	1,876,208	-	1,876,208
Capital assets:			
Nondepreciable	1,536,248	247,691	1,783,939
Depreciable	15,962,860	5,307,920	21,270,780
Total noncurrent assets	19,375,316	5,555,611	24,930,927
Total assets	31,959,618	9,995,392	41,955,010
LIABILITIES			
Current liabilities:			
Accounts payable	248,220	72,880	321,100
Wages payable	62,397	-	62,397
Deposits payable	20,486	22,142	42,628
Total current liabilities	331,103	95,022	426,125
Noncurrent liabilities:			
Compensated absences	68,854	37,916	106,770
Net OPEB obligation	772,778	88,500	861,278
Total noncurrent liabilities	841,632	126,416	968,048
Total liabilities	1,172,735	221,438	1,394,173
NET POSITION			
Net investment in capital assets	17,499,108	5,555,611	23,054,719
Restricted:			
General	6,173,046	-	6,173,046
Streets and roads	1,370,904	-	1,370,904
Housing	442,468	-	442,468
Unrestricted	5,301,357	4,218,343	9,519,700
Total net position	30,786,883	9,773,954	40,560,837
Total liabilities and net position	\$ 31,959,618	\$ 9,995,392	\$ 41,955,010

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, 2014

<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	\$ 1,771,834	\$ 51,250	\$ 83,376	\$ -
Community development	469,675	-	-	-
Culture and leisure	595,098	271,231	-	-
Public safety	1,792,569	38,129	-	-
Public works	2,568,183	27,840	555,951	-
Total governmental activities	<u>7,197,359</u>	<u>388,450</u>	<u>639,327</u>	<u>-</u>
Business-type activities:				
Water	1,679,681	1,549,410	1,699	-
Wastewater	453,728	695,725	-	-
Total business-type activities	<u>2,133,409</u>	<u>2,245,135</u>	<u>1,699</u>	<u>-</u>
Total primary government	<u>\$ 9,330,768</u>	<u>\$ 2,633,585</u>	<u>\$ 641,026</u>	<u>\$ -</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 from fiduciary activities

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
\$ (1,637,208)	\$ -	\$ (1,637,208)
(469,675)	-	(469,675)
(323,867)	-	(323,867)
(1,754,440)	-	(1,754,440)
(1,984,392)	-	(1,984,392)
<u>(6,169,582)</u>	<u>-</u>	<u>(6,169,582)</u>
-	(128,572)	(128,572)
-	241,997	241,997
-	113,425	113,425
<u>(6,169,582)</u>	<u>113,425</u>	<u>(6,056,157)</u>
1,116,510	-	1,116,510
1,935,411	-	1,935,411
1,604,086	-	1,604,086
216,444	-	216,444
387,905	-	387,905
41,160	7,932	49,092
1,192	-	1,192
<u>5,302,708</u>	<u>7,932</u>	<u>5,310,640</u>
59,073	-	59,073
626,822	(626,822)	-
<u>5,988,603</u>	<u>(618,890)</u>	<u>5,369,713</u>
(180,979)	(505,465)	(686,444)
<u>30,967,862</u>	<u>10,279,419</u>	<u>41,247,281</u>
<u>\$ 30,786,883</u>	<u>\$ 9,773,954</u>	<u>\$ 40,560,837</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.
General Capital Projects Fund	Accounts for Capital Improvement Projects by centralizing project expenditures. Projects are tracked and managed for purposes of planning, scheduling and budgeting capital improvements.

City of Buellton, California

Balance Sheet

Governmental Funds

June 30, 2014

	Major Funds			
	General Fund	Traffic Mitigation Special Revenue	Transportation Planning Special Revenue	General Capital Projects
ASSETS				
Cash and investments	\$ 3,811,244	\$ -	\$ -	\$ -
Restricted cash and investments	6,173,046	-	-	-
Receivables:				
Accounts	485,146	-	27,100	-
Interest	4,811	-	-	-
Due from other funds	272,569	-	-	-
Prepaid items	267,916	-	-	-
Advances to Successor Agency private purpose trust fund	1,876,208	-	-	-
Total assets	\$ 12,890,940	\$ -	\$ 27,100	\$ -
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 248,220	\$ -	\$ -	\$ -
Wages payable	62,397	-	-	-
Compensated absences	68,854	-	-	-
Deposits payable	20,486	-	-	-
Due to other funds	-	157,662	114,907	-
Total liabilities	399,957	157,662	114,907	-
Fund balances:				
Nonspendable:				
Prepaid items	267,916	-	-	-
Restricted	6,173,046	-	-	-
Unassigned (Deficit)	6,050,021	(157,662)	(87,807)	-
Total fund balances (Deficits)	12,490,983	(157,662)	(87,807)	-
Total liabilities and fund balances	\$ 12,890,940	\$ -	\$ 27,100	\$ -

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

Nonmajor Governmental Funds		Totals	
\$	1,718,660	\$	5,529,904
	-		6,173,046
	93,928		606,174
	784		5,595
	-		272,569
	1,667		269,583
	-		1,876,208
<u>\$</u>	<u>1,815,039</u>	<u>\$</u>	<u>14,733,079</u>

\$	-	\$	248,220
	-		62,397
	-		68,854
	-		20,486
	-		272,569
	-		672,526

	1,667		269,583
	1,813,372		7,986,418
	-		5,804,552
	1,815,039		14,060,553
<u>\$</u>	<u>1,815,039</u>	<u>\$</u>	<u>14,733,079</u>

City of Buellton, California
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2014

Total fund balances - total governmental funds \$ 14,060,553

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. 17,499,108

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	\$ (772,778)	<u>(772,778)</u>
Net position of governmental activities		<u><u>\$ 30,786,883</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, 2014

	Governmental Funds Balance Sheet	Reclassifications	Changes in GAAP	Statement of Net Position
ASSETS				
Current assets:				
Cash and investments	\$ 5,529,904	\$ -	\$ -	\$ 5,529,904
Restricted cash and investments	6,173,046			6,173,046
Receivables:				
Accounts receivable	606,174	-	-	606,174
Interest receivable	5,595	-	-	5,595
Advances to private purpose trust/fiduciary activities	1,876,208	-	-	1,876,208
Prepaid items	269,583	-	-	269,583
Due from other funds	272,569	(272,569)	-	-
Total current assets	14,733,079	(272,569)	-	14,460,510
Noncurrent assets:				
Capital assets, net:				
Nondepreciable	-	-	1,536,248	1,536,248
Depreciable	-	-	15,962,860	15,962,860
Total noncurrent assets	-	-	17,499,108	17,499,108
Total assets	\$ 14,733,079	\$ (272,569)	\$ 17,499,108	\$ 31,959,618
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 248,220	\$ -	\$ -	\$ 248,220
Wages payable	62,397	-	-	62,397
Deposits payable	20,486	-	-	20,486
Due to other funds	272,569	(272,569)	-	-
Total current liabilities	603,672	(272,569)	-	331,103
Noncurrent liabilities:				
Compensated absences	68,854	-	-	68,854
Net OPEB obligation	-	-	772,778	772,778
Total noncurrent liabilities	68,854	-	772,778	841,632
Total liabilities	672,526	(272,569)	772,778	1,172,735
FUND BALANCES/NET POSITION				
Fund balances:				
Nonspendable				
Prepaid items	269,583	(269,583)	-	-
Advances receivable	-	-	-	-
Restricted				
General	6,173,046	(6,173,046)	-	-
Streets and roads	1,370,904	(1,370,904)	-	-
Housing	442,468	(442,468)	-	-
Unassigned (Deficit)	5,804,552	(5,804,552)	-	-
Net position:				
Net investment in capital assets	-	-	17,499,108	17,499,108
Restricted	-	7,986,418	-	7,986,418
Unrestricted	-	6,074,135	(772,778)	5,301,357
Total fund balances/ net position	14,060,553	-	16,726,330	30,786,883
Total liabilities and net position	\$ 14,733,079	\$ (272,569)	\$ 17,499,108	\$ 31,959,618

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, 2014

	Major Funds			
	General Fund	Traffic Mitigation Special Revenue	Transportation Planning Special Revenue	General Capital Projects
REVENUES:				
Taxes	\$ 5,260,356	\$ -	\$ -	\$ -
Licenses, permits, and fees	79,181	-	-	-
Intergovernmental	83,376	-	27,100	-
Charges for services	189,475	-	-	-
Fines and forfeitures	39,203	-	-	-
Use of money and property	111,320	-	-	-
Other	14,168	-	-	-
Total revenues	<u>5,777,079</u>	<u>-</u>	<u>27,100</u>	<u>-</u>
EXPENDITURES:				
Current:				
General government	1,511,614	-	-	-
Community development	262,175	-	-	-
Culture and leisure	590,873	-	-	-
Public safety	1,792,569	-	-	-
Public works	1,120,024	-	35,517	-
Capital outlay	14,605	-	-	1,187,606
Total expenditures	<u>5,291,860</u>	<u>-</u>	<u>35,517</u>	<u>1,187,606</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>485,219</u>	<u>-</u>	<u>(8,417)</u>	<u>(1,187,606)</u>
OTHER FINANCING SOURCES (USES):				
Transfer from Successor Agency Private Purpose Trust				
Trust	59,073	-	-	-
Transfers in	-	-	36,600	1,187,606
Transfers out	(150,260)	-	-	-
Transfer to Santa Barbara County	-	-	-	-
Total other financing sources (uses)	<u>(91,187)</u>	<u>-</u>	<u>36,600</u>	<u>1,187,606</u>
Net change in fund balances	<u>394,032</u>	<u>-</u>	<u>28,183</u>	<u>-</u>
FUND BALANCES (Deficit):				
Beginning of year	12,096,951	(157,662)	(115,990)	-
End of year	<u>\$ 12,490,983</u>	<u>\$ (157,662)</u>	<u>\$ (87,807)</u>	<u>\$ -</u>

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

Other Governmental Funds		Totals
\$ -	\$ 5,260,356	
-	79,181	
528,851	639,327	
-	189,475	
-	39,203	
(2,545)	108,775	
-	14,168	
<u>526,306</u>	<u>6,330,485</u>	
-	1,511,614	
-	262,175	
-	590,873	
-	1,792,569	
69,765	1,225,306	
12,893	1,215,104	
<u>82,658</u>	<u>6,597,641</u>	
<u>443,648</u>	<u>(267,156)</u>	
-	59,073	
40,350	1,264,556	
(487,474)	(637,734)	
(207,500)	(207,500)	
<u>(654,624)</u>	<u>478,395</u>	
(210,976)	211,239	
<u>2,026,015</u>	<u>13,849,314</u>	
<u>\$ 1,815,039</u>	<u>\$ 14,060,553</u>	

City of Buellton, California

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

For the year ended June 30, 2014

Functions/Programs	Fund Based Totals	Depreciation	Capital Asset Additions/ (Retirements)	Net OPEB Obligation	Government- wide Totals
Governmental activities:					
General government	\$ 1,511,614	\$ 19,702	\$ -	\$ 240,518	\$ 1,771,834
Community development	469,675	-	-	-	469,675
Culture and leisure	590,873	4,225	-	-	595,098
Public safety	1,792,569	-	-	-	1,792,569
Public works	1,225,306	231,613	1,111,264	-	2,568,183
Capital outlay	1,215,104	-	(1,215,104)	-	-
Total governmental activities	\$ 6,805,141	\$ 255,540	\$ (103,840)	\$ 240,518	\$ 7,197,359

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, 2014

Net change in fund balances - total governmental funds \$ 211,239

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	\$ 103,840	
Depreciation expense	<u>(255,540)</u>	(151,700)

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>(240,518)</u>	<u>(240,518)</u>
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Change in net position of governmental activities		<u><u>\$ (180,979)</u></u>
--	--	----------------------------

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, 2014

	General Fund			Variance w/Final Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES:				
Taxes	\$ 5,089,400	\$ 5,089,400	\$ 5,260,356	\$ 170,956
Licenses, permits, and fees	4,200	4,200	79,181	74,981
Intergovernmental	175,000	175,000	83,376	(91,624)
Charges for services	133,500	133,500	189,475	55,975
Fines and forfeitures	43,500	43,500	39,203	(4,297)
Use of money and property	143,865	143,865	111,320	(32,545)
Other	6,600	6,600	14,168	7,568
Total revenues	5,596,065	5,596,065	5,777,079	181,014
EXPENDITURES:				
Current:				
General government	1,407,612	1,552,612	1,511,614	40,998
Community development	406,636	406,636	262,175	144,461
Culture and leisure	598,686	598,686	590,873	7,813
Public safety	1,885,974	1,885,974	1,792,569	93,405
Public works	1,133,962	1,133,962	1,120,024	13,938
Capital outlay	7,500	7,500	14,605	(7,105)
Total expenditures	5,440,370	5,585,370	5,291,860	293,510
REVENUES OVER (UNDER) EXPENDITURES	155,695	10,695	485,219	474,524
OTHER FINANCING SOURCES (USES):				
Transfer from Successor Agency Private Purpose				
Trust	-	-	59,073	59,073
Transfers in	29,000	194,000	-	(194,000)
Transfers out	(662,500)	(718,400)	(150,260)	568,140
Total other financing sources (uses)	(633,500)	(524,400)	(91,187)	433,213
Net change in fund balances	(477,805)	(513,705)	394,032	907,737
FUND BALANCES (Deficit):				
Beginning of year	12,096,951	12,096,951	12,096,951	-
End of year	<u>\$ 11,619,146</u>	<u>\$ 11,583,246</u>	<u>\$ 12,490,983</u>	<u>\$ 907,737</u>

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

(continued)

Traffic Mitigation Special Revenue Fund				Transportation Planning Special Revenue Fund			
<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance w/Final Positive (Negative)</u>	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance w/Final Positive (Negative)</u>
<u>Original</u>	<u>Final</u>			<u>Original</u>	<u>Final</u>		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	25,000	25,000	27,100	2,100
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
25	25	-	(25)	-	-	-	-
-	-	-	-	-	-	-	-
<u>25</u>	<u>25</u>	<u>-</u>	<u>(25)</u>	<u>25,000</u>	<u>25,000</u>	<u>27,100</u>	<u>2,100</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	35,000	35,000	35,517	(517)
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,000</u>	<u>35,000</u>	<u>35,517</u>	<u>(517)</u>
25	25	-	(25)	(10,000)	(10,000)	(8,417)	1,583
-	-	-	-	-	-	-	-
29,000	29,000	-	(29,000)	149,000	149,000	36,600	(112,400)
(662,500)	(662,500)	-	662,500	-	-	-	-
<u>(633,500)</u>	<u>(633,500)</u>	<u>-</u>	<u>633,500</u>	<u>149,000</u>	<u>149,000</u>	<u>36,600</u>	<u>(112,400)</u>
(633,475)	(633,475)	-	633,475	139,000	139,000	28,183	(110,817)
<u>(157,662)</u>	<u>(157,662)</u>	<u>(157,662)</u>	<u>-</u>	<u>(115,990)</u>	<u>(115,990)</u>	<u>(115,990)</u>	<u>-</u>
<u>\$ (791,137)</u>	<u>\$ (791,137)</u>	<u>\$ (157,662)</u>	<u>\$ 633,475</u>	<u>\$ 23,010</u>	<u>\$ 23,010</u>	<u>\$ (87,807)</u>	<u>\$ (110,817)</u>

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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, 2014

	<u>Water Fund</u>	<u>Wastewater Fund</u>	<u>Totals</u>
ASSETS			
Current assets:			
Cash and investments	\$ 1,838,254	\$ 1,352,214	\$ 3,190,468
Receivables:			
Accounts	142,571	65,209	207,780
Interest	811	687	1,498
Inventory	10,252	-	10,252
Prepaid items	989,687	40,096	1,029,783
Total current assets	<u>2,981,575</u>	<u>1,458,206</u>	<u>4,439,781</u>
Noncurrent assets:			
Capital assets, net			
Buildings and improvements	822,078	-	822,078
Equipment	371,923	401,599	773,522
Infrastructure	5,443,655	5,763,991	11,207,646
Less: accumulated depreciation	(3,780,783)	(3,466,852)	(7,247,635)
Total capital assets (net of accumulated depreciation)	<u>2,856,873</u>	<u>2,698,738</u>	<u>5,555,611</u>
Total noncurrent assets	<u>2,856,873</u>	<u>2,698,738</u>	<u>5,555,611</u>
Total assets	<u>\$ 5,838,448</u>	<u>\$ 4,156,944</u>	<u>\$ 9,995,392</u>
LIABILITIES AND NET POSITION			
Current liabilities:			
Accounts payable	\$ 44,644	\$ 28,236	\$ 72,880
Deposits	22,142	-	22,142
Total current liabilities	<u>66,786</u>	<u>28,236</u>	<u>95,022</u>
Noncurrent liabilities:			
Compensated absences	18,958	18,958	37,916
Net OPEB obligation	44,250	44,250	88,500
Total noncurrent liabilities	<u>63,208</u>	<u>63,208</u>	<u>126,416</u>
Total liabilities	<u>129,994</u>	<u>91,444</u>	<u>221,438</u>
Net Position:			
Net investment in capital assets	2,856,873	2,698,738	5,555,611
Unrestricted	2,851,581	1,366,762	4,218,343
Total net position	<u>5,708,454</u>	<u>4,065,500</u>	<u>9,773,954</u>
Total liabilities and net position	<u>\$ 5,838,448</u>	<u>\$ 4,156,944</u>	<u>\$ 9,995,392</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, 2014

	Water Fund	Wastewater Fund	Totals
OPERATING REVENUES:			
Charges for services	\$ 1,549,410	\$ 695,725	\$ 2,245,135
Other operating revenues	1,699	-	1,699
Total operating revenues	1,551,109	695,725	2,246,834
OPERATING EXPENSES:			
Personnel services	183,886	233,081	416,967
Operations and maintenance	1,332,324	44,713	1,377,037
Depreciation	163,471	175,934	339,405
Total operating expenses	1,679,681	453,728	2,133,409
OPERATING INCOME (LOSS)	(128,572)	241,997	113,425
NONOPERATING REVENUES:			
Interest revenue	4,546	3,386	7,932
Total non-operating revenues	4,546	3,386	7,932
NET INCOME BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS			
Transfers in	-	-	-
Transfers out	(181,396)	(445,426)	(626,822)
Total transfers and capital contributions	(181,396)	(445,426)	(626,822)
CHANGE IN NET POSITION	(305,422)	(200,043)	(505,465)
NET POSITION:			
Beginning of year	6,013,876	4,265,543	10,279,419
End of year	<u>\$ 5,708,454</u>	<u>\$ 4,065,500</u>	<u>\$ 9,773,954</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, 2014

	Water Fund	Wastewater Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received (refunds paid) from (to) customers/users for services provided	\$ 1,557,787	\$ 700,414	\$ 2,258,201
Cash payments to suppliers for goods and services	(1,342,304)	(74,854)	(1,417,158)
Cash payments to employees for services	(199,061)	(247,577)	(446,638)
Net cash provided by operating activities	16,422	377,983	394,405
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers received (paid)	(181,396)	(445,426)	(626,822)
Net cash used by noncapital financing activities	(181,396)	(445,426)	(626,822)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Acquisition and construction of capital assets	(3,850)	(470,766)	(474,616)
Net cash (used) by capital and related financing activities	(3,850)	(470,766)	(474,616)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment income received	5,092	3,880	8,972
Net cash provided by investing activities	5,092	3,880	8,972
Net increase (decrease) in cash and cash equivalents	(163,732)	(534,329)	(698,061)
CASH AND CASH EQUIVALENTS:			
Beginning of year	2,001,986	1,886,543	3,888,529
End of year	<u>\$ 1,838,254</u>	<u>\$ 1,352,214</u>	<u>\$ 3,190,468</u>
Reconciliation of income from operations to net cash provided by operating activities:			
Operating income (loss)	\$ (128,572)	\$ 241,997	\$ 113,425
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	163,471	175,934	339,405
(Increase) decrease in current assets:			
Accounts receivable	6,367	4,689	11,056
Prepaid items	(12,774)	(24,729)	(37,503)
Increase (decrease) in liabilities:			
Accounts payable	2,794	(5,412)	(2,618)
Accrued wages	(679)	-	(679)
Deposits payable	311	-	311
Compensated absences	4,145	4,145	8,290
Net OPEB obligation	(18,641)	(18,641)	(37,282)
Net cash provided by operating activities	\$ 16,422	\$ 377,983	\$ 394,405

There were no noncash investing, capital, or financing activities affecting recognized assets and liabilities for the year ended June 30, 2014.

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

FIDUCIARY FUNDS

Fund Type	Description
Private Purpose Trust Fund	
Successor Agency	Accounts for funds collected and disbursed for the dissolution of the former Buellton Redevelopment Agency related to Administration and Retirement of enforceable obligations.
Agency Fund	
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
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2014

	<u>Successor Agency</u> <u>Private Purpose</u> <u>Trust Fund</u>	<u>Deposits</u> <u>Agency Fund</u>
ASSETS		
Current Assets:		
Cash and investments	\$ 86,726	\$ 150,535
Total current assets	<u>86,847</u>	<u>150,535</u>
Noncurrent Assets		
Investment in land and building held for resale	345,682	-
Total noncurrent Assets:	<u>345,682</u>	<u>-</u>
Total assets	<u>\$ 432,529</u>	<u>\$ 150,535</u>
LIABILITIES AND NET POSITION		
Current Liabilities:		
Accounts payable	\$ 214	\$ -
Refundable deposits	-	150,535
Total current liabilities:	<u>214</u>	<u>150,535</u>
Noncurrent liabilities:		
Advances from Governmental Activities	1,876,208	-
Total noncurrent liabilities	<u>1,876,208</u>	<u>-</u>
Total liabilities	<u>1,876,422</u>	<u>\$ 150,535</u>
Net Position (Deficit)		
Net deficit held in trust for Redevelopment Dissolution	<u>(1,443,893)</u>	
Total liabilities and net position	<u>\$ 432,529</u>	

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

City of Buellton, California
Statement of Changes in Fiduciary Net Position
 Successor Agency Private Purpose Trust Fund
 For the year ended June 30, 2014

	Successor Agency <u>Private Purpose Trust Fund</u>
ADDITIONS:	
Property taxes	\$ 76,615
Investment earnings	<u>179</u>
Total additions:	76,794
DEDUCTIONS:	
Community development	10,711
Transfer to governmental activities	<u>59,073</u>
Total deductions:	69,784
CHANGE IN FIDUCIARY NET POSITION	7,010
NET POSITION (Deficit):	
Beginning of year	<u>(1,450,903)</u>
End of year	<u><u>\$ (1,443,893)</u></u>

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

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NOTES TO BASIC FINANCIAL STATEMENTS

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City of Buellton, California
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For the year ended June 30, 2014

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City of Buellton, California
Notes to Basic Financial Statements
For the year ended June 30, 2014

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, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

A. Financial Reporting Entity, Continued

The following is a brief review of the Successor Agency 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 2011-12, due to dissolution of all redevelopment agencies by the State, all redevelopment activities were transferred to a Successor Agency reported in a private purpose trust fund.

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, 2014

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, 2014

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.
- ***General Capital Projects Fund*** - Accounts for Capital Improvement Projects by centralizing project expenditures. Projects are tracked and managed for purposes of planning, scheduling and budgeting capital improvements.

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, 2014

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 present 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

Successor Agency Private Purpose Trust Fund

Successor Agency Private Purpose Trust Fund accounts 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, 2014

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, 2014

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, 2014

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, 2014

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 is classified in the following categories:

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

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

Unrestricted Net Position – This amount is all Net Position that does not meet the definition of “investment 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, 2014

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, 2014

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 is 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, 2014

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. The City Manager may amend the budgeted amounts within departmental expenditure classifications. Appropriation revisions made during the year ended June 30, 2014, 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, 2014, 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, 2014

2. CASH AND INVESTMENTS

At June 30, 2014, 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	\$ -	\$ -	\$ -	\$ 714,397	\$ 714,397
Money Market Savings	-	-	-	204,237	204,237
Petty cash	-	-	-	650	650
Total pooled items	-	-	-	919,284	919,284
Pooled investments, at fair value					
<u>Interest obligations</u>					
Negotiable Certificates of Deposit 1.2% - 1.85%					
\$1,737,000 par	993,143	252,530	501,380	-	1,747,053
State of California Local Agency Investment Fund	12,464,342	-	-	-	12,464,342
Total pooled investments - interest obligations	13,457,485	252,530	501,380	-	14,211,395
Total cash equivalents and investments pooled	\$ 13,457,485	\$ 252,530	\$ 501,380	\$ 919,284	\$ 15,130,679

Amounts reported in:

Governmental activities	\$ 5,529,904
Governmental activities - restricted	6,173,046
Business-type activities	3,190,468
Fiduciary activities	
Private Purpose Trust	86,726
Deposits Agency Fund	150,535
Total	\$ 15,130,679

Investment Type	Fair Value	Maturity (in years)
Negotiable Certificates of Deposit	\$ 1,747,053	1.38
Local Agency Investment Fund	12,464,342	0.76
Total fair value	\$ 14,211,395	
Portfolio weighted average maturity		0.84

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, 2014, 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, 2014

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, 2014, the weighted average maturity was 0.84 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, 2014

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, 2014, the City had a balance of \$309,223 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, 2014, the carrying amount of the City's deposits was \$919,284 and the balances in financial institutions were \$809,223. Of the balance in financial institutions, \$500,000 was covered by federal depository insurance and \$309,223 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, 2014, 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 \$64,846,169,129 of which the City had a balance of \$12,464,342, which approximated market value and was managed by the State Treasurer. Of the total invested, 98.14% was invested in non-derivative financial products and 1.86% was invested in 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, 2014

3. ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following at June 30, 2014:

	Governmental Activities	Business-type Activities	Total
Current:			
Accounts receivable	\$ 606,174	\$ 207,780	\$ 813,954
Interest receivable	5,595	1,498	7,093
Total receivables	<u>\$ 611,769</u>	<u>\$ 209,278</u>	<u>\$ 821,047</u>

These amounts resulted in the following concentrations in receivables:

Individuals/Businesses	99.0%
Financial	1.0%

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, 2014, was \$200,000. The interest of the note at June 30, 2014, was \$7,500. On October 29, 2013, the Council approved the transfer of the loan from the City Housing Special Revenue Fund to the Housing Authority of Santa Barbara County.

City of Buellton, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

5. CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended June 30, 2014, was as follows:

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
<u>Governmental activities:</u>				
Nondepreciable assets:				
Land	\$ 1,536,248	\$ -	\$ -	\$ 1,536,248
Total nondepreciable assets	1,536,248	-	-	1,536,248
Depreciable assets:				
Buildings and improvements	4,221,448	-	-	4,221,448
Equipment	425,998	18,767	-	444,765
Infrastructure	16,279,484	85,073	-	16,364,557
Total depreciable assets	20,926,930	103,840	-	21,030,770
Total	22,463,178	103,840	-	22,567,018
Accumulated depreciation:				
Buildings and improvements	(430,599)	(33,833)	-	(464,432)
Equipments	(358,723)	(19,684)	-	(378,407)
Infrastructure	(4,023,048)	(202,023)	-	(4,225,071)
Total accumulated depreciation	(4,812,370)	(255,540)	-	(5,067,910)
Net depreciable assets	16,114,560	(151,700)	-	15,962,860
Total net capital assets	\$ 17,650,808	\$ (151,700)	\$ -	\$ 17,499,108

Capital asset activity for business-type activities for the year ended June 30, 2014, was as follows:

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
<u>Business-type activities:</u>				
Nondepreciable assets:				
Land	\$ 247,691	\$ -	\$ -	\$ 247,691
Total nondepreciable assets	247,691	-	-	247,691
Depreciable assets:				
Buildings	574,387	-	-	574,387
Equipment	740,718	32,804	-	773,522
Infrastructure	10,765,834	442,747	(935)	11,207,646
Total depreciable assets	12,080,939	475,551	(935)	12,555,555
Total	12,328,630	475,551	(935)	12,803,246
Accumulated depreciation:				
Buildings and improvements	(485,693)	(13,287)	-	(498,980)
Equipment	(486,225)	(40,250)	-	(526,475)
Infrastructure	(5,936,312)	(285,868)	-	(6,222,180)
Total accumulated depreciation	(6,908,230)	(339,405)	-	(7,247,635)
Net depreciable assets	5,172,709	136,146	(935)	5,307,920
Total net capital assets	\$ 5,420,400	\$ 136,146	\$ (935)	\$ 5,555,611

City of Buellton, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

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		\$	19,702
Culture and leisure			4,225
Public works			231,613
Total depreciation expense governmental activities		\$	<u>255,540</u>
Business-type Activities:			
Water		\$	163,471
Wastewater			175,934
Total depreciation expense - business-type activities		\$	<u>339,405</u>

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consisted of the following at June 30, 2014:

	Governmental Activities	Business-type Activities	Fiduciary Activities	Total
Accounts payable	\$ 248,220	\$ 72,880	\$ 214	\$ 321,314
Wages payable	62,397	-	-	62,397
Deposits payable	20,486	22,142	150,535	193,163
Total	<u>\$ 331,103</u>	<u>\$ 95,022</u>	<u>\$ 150,749</u>	<u>\$ 576,874</u>

These amounts resulted in the following concentrations in payables:

Vendors	55.7%
Employees	10.8%
Individuals/Businesses	33.5%

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, 2014

7. NONCURRENT LIABILITIES

Changes in Noncurrent Liabilities

Noncurrent liability activity for the fiscal year ended June 30, 2014, was as follows:

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014	Due Within One Year
Governmental Activities:					
Compensated absences	\$ 68,936	\$ -	\$ (82)	\$ 68,854	\$ -
Net OPEB Obligation	532,260	240,518	-	772,778	-
Total Governmental Activities:	<u>\$ 601,196</u>	<u>\$ 240,518</u>	<u>\$ (82)</u>	<u>\$ 841,632</u>	<u>\$ -</u>
Business-type activities:					
Compensated absences	\$ 29,626	\$ 8,290	-	\$ 37,916	\$ -
Net OPEB Obligation	125,782	-	(37,282)	88,500	-
Total Business-type Activities:	<u>\$ 155,408</u>	<u>\$ 8,290</u>	<u>\$ (37,282)</u>	<u>\$ 126,416</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, 2014. 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. Governmental activities experienced a decrease of \$82. Business-type activities experienced an increase of \$8,290. The non-current portion of these vested benefits at June 30, 2014, total \$68,854 for governmental activities and \$37,916 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. Governmental activities experienced an increase of \$240,518. Business-type activities show a decrease of \$37,282. At June 30, 2014, the City had a total net OPEB Obligation of \$861,278. Governmental activities were \$772,778 and business-type activities were \$88,500. See Note 12 for further discussion on OPEB.

City of Buellton, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

8. NET POSITION/ FUND BALANCES

Net Position

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
Net investment in capital assets	\$ 17,499,108	\$ 5,555,611	\$ 23,054,719
Restricted	7,986,418	-	7,986,418
Unrestricted	<u>5,301,357</u>	<u>4,218,343</u>	<u>9,519,700</u>
Total	<u>\$ 30,786,883</u>	<u>\$ 9,773,954</u>	<u>\$ 40,560,837</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, 2014:

Nonspendable:	
Prepaid items	\$ 269,583
Total nonspendable	<u>\$ 269,583</u>
Restricted for:	
General	\$ 6,173,046
Streets and roads	1,370,904
Housing	442,468
Total restricted	<u>\$ 7,986,418</u>
Unassigned (deficit):	
General Fund	\$ 6,050,021
Nonmajor governmental funds (deficits)	<u>(245,469)</u>
Total unassigned	<u>\$ 5,804,552</u>
Total fund balances	<u><u>\$ 14,060,553</u></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, 2014

8. NET POSITION/ FUND BALANCES, Continued

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.

Deficit fund balances consisted of the following at June 30, 2014:

Major Special Revenue Funds:

Traffic Mitigation Funds - (\$157,662)

Transportation Planning - (\$87,807)

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, 2014, 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:			
Transportation planning	\$ 35,000	\$ 35,517	\$ (517)

City of Buellton, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

9. INTERFUND TRANSACTIONS

Due to and due from other funds consisted of the following as of June 30, 2014:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
<u>Governmental Activities</u>		
Major Funds:		
General Fund	\$ 272,569	\$ -
Traffic Mitigation Special Revenue	-	157,662
Transportation Planning Special Revenue	-	114,907
Total Major Funds	<u>272,569</u>	<u>272,569</u>
Total Governmental Activities	<u>272,569</u>	<u>272,569</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, 2014, are as follows:

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

Transfers consisted of the following at June 30, 2014:

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Governmental Activities</u>		
<u>Major Funds:</u>		
General Fund	\$ -	\$ 150,260
Transportation Planning Special Revenue	36,600	-
General Capital Projects	1,187,606	-
Total Major Funds	<u>1,224,206</u>	<u>150,260</u>
<u>Non-major Funds:</u>		
<u>Special Revenue Funds:</u>		
Gas Tax	-	89,390
Measure A	-	398,084
Local Transportation	40,350	-
Total Non-major Special Revenue Funds	<u>40,350</u>	<u>487,474</u>
<u>Proprietary Funds</u>		
Water Fund	-	181,396
Wastewater fund	-	445,426
Total Non-major Proprietary Funds	<u>-</u>	<u>626,822</u>
Total Non-major Funds	<u>40,350</u>	<u>1,114,296</u>
Total Transfers	<u>\$ 1,264,556</u>	<u>\$ 1,264,556</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them. Transfer from the Successor Agency Private Purpose Trust fund to the General Fund of \$59,073 was for the purpose of combining funds into a single operating fund. The use of one fund maximizes efficiency by consolidating all transactions.

City of Buellton, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

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.

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.

City of Buellton, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

10. RISK MANAGEMENT, Continued

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 is 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 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 2013/2014 was 13.083% of annual payroll. The contribution requirements of the plan members are established by 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, 2014, 2013, and 2012, were \$155,534, \$156,732, and \$142,413, 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, 2014

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 - 100% 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, 2014

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, 2014

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, 2014, 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	26,322
Adjustment to annual required contribution	<u>(38,055)</u>
Annual OPEB cost (expense)	\$ 252,822
Employer contributions made	<u>(49,586)</u>
Increase (Decrease) in net OPEB obligation	\$ 203,236
Net OPEB Obligation - beginning of year	<u>658,042</u>
Net OPEB Obligation - end of year	<u><u>\$ 861,278</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 2014 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/12	\$ 187,650	27%	\$ 450,919
6/30/13	256,515	19%	658,042
6/30/14	252,822	20%	861,278

Funded Status and Funding Progress

The funded status of the plan as June 30, 2014, 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)	\$ 1,194,069
UAAL as a percentage of covered payroll	156.0%

City of Buellton, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

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, 2012. 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, 2012, 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, 2014

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, 2014

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 \$345,682 and represents the value received for disposition by the Successor Agency.

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. 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.

City of Buellton, California
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2014

16. NEW ACCOUNTING PRONOUNCEMENTS, Continued

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, if applicable.

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, if applicable.

The GASB has issued Statement No. 71, “Pension Transition for Contributions Made Subsequent to the Measurement Date” The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, “Accounting and Financial Reporting for Pensions”. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government’s beginning net pension liability. This Statement is effective for fiscal years beginning after June 15, 2014, and should be applied simultaneously with the provisions of Statement 68. 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.
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, 2014

	Special Revenue Funds		
	Housing Fund	Gas Tax Fund	Measure A Fund
ASSETS			
Cash and investments	\$ 442,249	\$ 926,048	\$ 349,705
Receivables:			
Accounts	-	73,327	20,601
Interest	219	447	118
Prepaid items	-	-	-
Total assets	\$ 442,468	\$ 999,822	\$ 370,424
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Due to other funds	-	-	-
Total liabilities	-	-	-
Fund Balances:			
Nonspendable:			
Prepaid items	-	-	-
Restricted	442,468	999,822	370,424
Total fund balances	442,468	999,822	370,424
Total liabilities and fund balances	\$ 442,468	\$ 999,822	\$ 370,424

Special Revenue Funds

Local Transportation Fund	Total Non-major Governmental Funds
\$ 658	\$ 1,718,660
-	93,928
-	784
<u>1,667</u>	<u>1,667</u>
<u>\$ 2,325</u>	<u>\$ 1,815,039</u>
-	-
-	-
-	-
1,667	1,667
<u>658</u>	<u>1,813,372</u>
<u>2,325</u>	<u>1,815,039</u>
<u>\$ 2,325</u>	<u>\$ 1,815,039</u>

City of Buellton, California
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Governmental Funds
For the year ended June 30, 2014

	Special Revenue Funds		
	Housing Fund	Gas Tax Fund	Measure A Fund
REVENUES:			
Taxes	\$ -	\$ -	\$ -
Licenses, permits, and fees	-	-	-
Intergovernmental	-	222,822	295,278
Charges for services	-	-	-
Fines and forfeitures	-	-	-
Use of money and property	(5,095)	1,844	706
Other	-	-	-
Total revenues	(5,095)	224,666	295,984
EXPENDITURES:			
Current:			
General government	-	-	-
Community development	-	-	-
Culture and leisure	-	-	-
Public safety	-	-	-
Public works	-	9,470	-
Capital outlay	-	12,893	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	-	22,363	-
REVENUES OVER (UNDER) EXPENDITURES	(5,095)	202,303	295,984
OTHER FINANCING SOURCES (USES):			
Transfers in	-	-	-
Transfers out	-	(89,390)	(398,084)
Transfer to Santa Barbara County	(207,500)	-	-
Total other financing sources and uses	(207,500)	(89,390)	(398,084)
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	(212,595)	112,913	(102,100)
FUND BALANCES:			
Beginning of year	655,063	886,909	472,524
End of year	\$ 442,468	\$ 999,822	\$ 370,424

Special Revenue Funds

Local Transportation Fund	Total Non-major Governmental Funds
\$ -	\$ -
-	-
10,751	528,851
-	-
-	(2,545)
-	-
<u>10,751</u>	<u>526,306</u>
-	-
-	-
-	-
-	-
60,295	69,765
-	12,893
-	-
-	-
<u>60,295</u>	<u>82,658</u>
(49,544)	443,648
40,350	40,350
-	(487,474)
-	(207,500)
<u>40,350</u>	<u>(654,624)</u>
(9,194)	(210,976)
11,519	2,026,015
<u>\$ 2,325</u>	<u>\$ 1,815,039</u>

City of Buellton, California

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

Housing Special Revenue Fund

For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Use of money and property	\$ 5,000	\$ 5,000	\$ (5,095)	\$ (10,095)
Total revenues	5,000	5,000	(5,095)	(10,095)
EXPENDITURES:				
Current:				
Public works	3,000	3,000	-	3,000
Total expenditures	3,000	3,000	-	3,000
REVENUES OVER (UNDER)				
EXPENDITURES	2,000	2,000	(5,095)	(7,095)
OTHER FINANCING SOURCES (USES):				
Transfer to Santa Barbara County	-	-	(207,500)	(207,500)
Total other financing sources (uses)	-	-	(207,500)	(207,500)
Net change in fund balances	2,000	2,000	(212,595)	(214,595)
FUND BALANCES:				
Beginning of year	655,063	655,063	655,063	-
End of year	\$ 657,063	\$ 657,063	\$ 442,468	\$ (214,595)

City of Buellton, California

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

Gas Tax Special Revenue Fund

For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Intergovernmental	\$ 216,664	\$ 216,664	\$ 222,822	\$ 6,158
Use of money and property	2,000	2,000	1,844	(156)
Total revenues	218,664	218,664	224,666	6,002
EXPENDITURES:				
Current:				
Public works	-	-	9,470	(9,470)
Capital outlay	-	-	12,893	(12,893)
Total expenditures	-	-	22,363	(22,363)
REVENUES OVER (UNDER)				
EXPENDITURES	218,664	218,664	202,303	(16,361)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	(536,000)	(536,000)	(89,390)	446,610
Total other financing sources (uses)	(536,000)	(536,000)	(89,390)	446,610
Net change in fund balances	(317,336)	(317,336)	112,913	430,249
FUND BALANCES:				
Beginning of year	886,909	886,909	886,909	-
End of year	\$ 569,573	\$ 569,573	\$ 999,822	\$ 430,249

City of Buellton, California

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

Measure A Special Revenue Fund

For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Intergovernmental	\$ 351,250	\$ 351,250	\$ 295,278	\$ (55,972)
Use of money and property	350	350	706	356
Total revenues	351,600	351,600	295,984	(55,616)
EXPENDITURES:				
Current:				
Public works	-	-	-	-
Total expenditures	-	-	-	-
REVENUES OVER (UNDER)				
EXPENDITURES	351,600	351,600	295,984	(55,616)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	(580,589)	(580,589)	(398,084)	182,505
Total other financing sources (uses)	(580,589)	(580,589)	(398,084)	182,505
Net change in fund balances	(228,989)	(228,989)	(102,100)	126,889
FUND BALANCES:				
Beginning of year	472,524	472,524	472,524	-
End of year	\$ 243,535	\$ 243,535	\$ 370,424	\$ 126,889

City of Buellton, California

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

Local Transportation Special Revenue Fund

For the year ended June 30, 2014

	Budgeted Amounts		Actual	Variance w/Final
	Original	Final		Positive (Negative)
REVENUES:				
Intergovernmental	\$ 3,718	\$ 3,718	\$ 10,751	\$ 7,033
Use of money and property	200	200	-	(200)
Total revenues	3,918	3,918	10,751	6,833
EXPENDITURES:				
Current:				
Public works	45,750	101,650	60,295	41,355
Total expenditures	45,750	101,650	60,295	41,355
REVENUES OVER (UNDER)				
EXPENDITURES	(41,832)	(97,732)	(49,544)	48,188
OTHER FINANCING SOURCES (USES):				
Transfers in	32,000	32,000	40,350	8,350
Transfers out	-	-	-	-
Total other financing sources (uses)	32,000	32,000	40,350	8,350
Net change in fund balances	(9,832)	(65,732)	(9,194)	56,538
FUND BALANCES (Deficit):				
Beginning of year	11,519	11,519	11,519	-
End of year	\$ 1,687	\$ (54,213)	\$ 2,325	\$ 56,538

City of Buellton, California
Statement of Changes in Assets and Liabilities
Deposits Agency Fund
For the year ended June 30, 2014

	<u>Balance July 1, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2014</u>
ASSETS				
Cash and investments	\$ 140,632	\$ 24,123	\$ (14,220)	\$ 150,535
Total assets	<u>\$ 140,632</u>	<u>\$ 24,123</u>	<u>\$ (14,220)</u>	<u>\$ 150,535</u>
LIABILITIES				
Accounts payable	\$ 3,258	\$ -	\$ (3,258)	\$ -
Refundable deposits	137,374	24,123	(10,962)	150,535
Total liabilities	<u>\$ 140,632</u>	<u>\$ 24,123</u>	<u>\$ (14,220)</u>	<u>\$ 150,535</u>

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.	92-101
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.	103-108
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	109-111
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.	112
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.	114-119

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, 2005 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)

	2005	2006	2007	2008
Governmental activities				
Net investment in capital assets	\$ 10,133,280	\$ 10,289,733	\$ 16,797,701	\$ 16,246,876
Restricted	226,154	626,250	-	-
Unrestricted	13,095,121	9,427,610	11,753,103	12,960,500
Total governmental activities net position	\$ 23,454,555	\$ 20,343,593	\$ 28,550,804	\$ 29,207,376
Business-type activities				
Net investment in capital assets	\$ 5,531,382	\$ 5,530,652	\$ 5,255,393	\$ 5,389,703
Restricted	4,564,068	-	-	-
Unrestricted	785,426	5,524,798	6,111,889	6,514,815
Total business-type activities net position	\$ 10,880,876	\$ 11,055,450	\$ 11,367,282	\$ 11,904,518
Primary government				
Net investment in capital assets	\$ 15,664,662	\$ 15,820,385	\$ 22,053,094	\$ 21,636,579
Restricted	4,790,222	626,250	-	-
Unrestricted	13,880,547	14,952,408	17,864,992	19,475,315
Total primary government net position	\$ 34,335,431	\$ 31,399,043	\$ 39,918,086	\$ 41,111,894

Source: City Finance Department

2009	2010	2011	2012	2013	2014
\$ 17,157,515	\$ 16,562,754	\$ 16,445,038	\$ 17,403,453	\$ 17,650,808	\$ 17,499,108
-	-	4,282,496	1,848,781	7,993,664	7,986,418
12,919,389	12,391,360	8,470,455	11,014,594	5,323,390	5,301,357
<u>\$ 30,076,904</u>	<u>\$ 28,954,114</u>	<u>\$ 29,197,989</u>	<u>\$ 30,266,828</u>	<u>\$ 30,967,862</u>	<u>\$ 30,786,883</u>
5,151,913	\$ 5,096,842	\$ 5,530,407	\$ 5,563,438	\$ 5,420,400	\$ 5,555,611
-	-	-	-	-	-
6,653,810	6,381,738	5,604,145	5,136,194	4,859,019	4,218,343
<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>	<u>\$ 9,773,954</u>
\$ 22,309,428	\$ 21,659,596	\$ 21,975,445	\$ 22,966,891	\$ 23,071,208	\$ 23,054,719
-	-	4,282,496	1,848,781	7,993,664	7,986,418
19,573,199	18,773,098	14,074,600	16,150,788	10,182,409	9,519,700
<u>\$ 41,882,627</u>	<u>\$ 40,432,694</u>	<u>\$ 40,332,541</u>	<u>\$ 40,966,460</u>	<u>\$ 41,247,281</u>	<u>\$ 40,560,837</u>

City of Buellton, California

Changes in Net Position

Last Ten Fiscal Years

(Fiscal year ended June 30)

(Accrual basis of accounting)

	2005	2006	2007	2008
Expenses				
Governmental activities:				
General government	\$ 916,344	\$ 1,963,313	\$ 1,063,958	\$ 1,139,402
Community development	2,020,219	2,062,763	610,397	617,300
Culture and leisure	59,421	72,149	1,737,275	2,311,368
Public safety	1,078,031	1,257,100	1,346,880	1,563,977
Public works	2,237,054	3,790,856	684,238	795,921
Unallocated depreciation	252,724	-	677,340	685,152
Total governmental activities expenses	<u>6,563,793</u>	<u>9,146,181</u>	<u>6,120,088</u>	<u>7,113,120</u>
Business-type activities:				
Water Utility	1,317,238	1,533,373	1,621,907	1,543,927
Wastewater Utility	671,636	719,227	781,517	825,680
Total business-type activities expenses	<u>1,988,874</u>	<u>2,252,600</u>	<u>2,403,424</u>	<u>2,369,607</u>
Total primary government expenses	<u>8,552,667</u>	<u>11,398,781</u>	<u>8,523,512</u>	<u>9,482,727</u>
Program revenues				
Governmental activities:				
Charges for services:				
General government	285,861	326,229	240,516	338,389
Community development	-	-	-	-
Culture and leisure	60,174	-	128,955	74,040
Public safety	-	-	17,477	32,747
Public works	-	-	-	-
Operating grants and contributions	182,750	29,565	439,319	313,596
Capital grants and contributions	-	-	1,156,790	797,368
Total governmental activities program revenues:	<u>528,785</u>	<u>355,794</u>	<u>1,983,057</u>	<u>1,556,140</u>
Business-type activities:				
Charges for services:				
Water utility	1,371,767	1,456,241	1,480,189	1,495,709
Sewer utility	559,878	622,440	561,989	562,467
Operating grants and contributions	-	-	-	-
Capital grants and contributions	-	-	367,055	563,863
Total business-type activities program revenues:	<u>1,931,645</u>	<u>2,078,681</u>	<u>2,409,233</u>	<u>2,622,039</u>
Total primary government program revenues	<u>2,460,430</u>	<u>2,434,475</u>	<u>4,392,290</u>	<u>4,178,179</u>
Net (Expense)/Revenue				
Governmental activities	(6,035,008)	(8,790,387)	(4,137,031)	(5,556,980)
Business-type activities	(57,229)	(173,919)	5,809	252,432
Total primary government net expense	<u>(6,092,237)</u>	<u>(8,964,306)</u>	<u>(4,131,222)</u>	<u>(5,304,548)</u>

2009	2010	2011	2012	2013	2014
\$ 952,729	\$ 1,027,858	\$ 1,040,330	\$ 1,484,345	\$ 1,519,771	\$ 1,771,834
908,792	1,343,533	947,844	1,131,764	313,216	469,675
607,147	648,944	638,904	621,570	588,733	595,098
1,640,233	1,755,474	1,804,188	1,350,473	1,872,020	1,792,569
886,380	1,743,224	819,223	862,578	1,526,752	2,568,183
705,212	723,587	737,978	-	-	-
5,700,493	7,242,620	5,988,467	5,450,730	5,820,492	7,197,359
1,591,019	1,633,422	1,623,335	1,699,457	1,734,083	1,679,681
869,595	909,121	842,378	771,940	847,522	453,728
2,460,614	2,542,543	2,465,713	2,471,397	2,581,605	2,133,409
8,161,107	9,785,163	8,454,180	7,922,127	8,402,097	9,330,768
186,909	133,995	92,618	1,712	3,975	51,250
42,818	42,818	160,854	-	-	-
82,900	183,933	155,316	59,786	231,337	271,231
12,210	58,207	66,616	48,678	47,982	38,129
-	-	-	88,865	9,480	27,840
286,756	400,787	356,627	1,225,407	919,707	639,327
474,562	225,429	182,490	-	-	-
1,086,155	1,045,169	1,014,521	1,424,448	1,212,481	1,027,777
1,467,933	1,467,931	1,387,651	1,388,813	1,460,658	1,549,410
556,822	569,344	572,545	597,963	649,703	695,725
	-	-	462	3,250	1,699
179,062	108,960	114,575	34,720	36,380	-
2,203,817	2,146,235	2,074,771	2,021,958	2,149,991	2,246,834
3,289,972	3,191,404	3,089,292	3,446,406	3,362,472	3,274,611
(4,614,338)	(6,197,451)	(4,973,946)	(4,026,282)	(4,608,011)	(6,169,582)
(256,797)	(396,308)	(390,942)	(449,439)	(431,614)	113,425
(4,871,135)	(6,593,759)	(5,364,888)	(4,475,721)	(5,039,625)	(6,056,157)

(continued)

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

	2005	2006	2007	2008
Continued from previous page:				
General Revenues and Other Changes in Net Position:				
Governmental activities:				
Taxes:				
Secured and unsecured property taxes	1,033,866	1,410,284	1,408,990	1,683,116
Sales and use tax	1,548,912	1,541,828	1,616,089	1,878,982
Transient lodging tax	1,033,232	1,142,210	1,273,905	1,290,705
Franchise taxes	114,142	-	132,300	136,557
Other taxes	724,819	776,961	393,784	384,178
Investment income	321,218	593,226	878,259	814,768
Other general revenues	61,897	189,030	69,799	25,246
Transfer from fiduciary activities	-	-	-	-
Transfer in (out)	-	-	-	-
Extraordinary item	-	-	-	-
Total governmental activities	<u>4,838,086</u>	<u>5,653,539</u>	<u>5,773,126</u>	<u>6,213,552</u>
Business-type activities:				
Use of money and property	116,325	193,712	277,670	252,798
Other revenues	2,598	154,781	28,353	32,006
Transfer in (out)	-	-	-	-
Total business-type activities	<u>118,923</u>	<u>348,493</u>	<u>306,023</u>	<u>284,804</u>
Total primary government	<u>4,957,009</u>	<u>6,002,032</u>	<u>6,079,149</u>	<u>6,498,356</u>
Changes in Net Position				
Governmental activities	(1,196,922)	(3,136,848)	1,636,095	656,572
Business-type activities	61,694	174,574	311,832	537,236
Total primary government	<u><u>\$(1,135,228)</u></u>	<u><u>\$(2,962,274)</u></u>	<u><u>\$ 1,947,927</u></u>	<u><u>\$ 1,193,808</u></u>

Source: City Finance Department

2009	2010	2011	2012	2013	2014
1,713,355	1,750,774	1,718,074	1,679,732	1,528,000	1,116,510
1,539,733	1,414,049	1,552,752	1,611,788	1,744,085	1,935,411
1,223,797	1,164,409	1,193,216	1,239,617	1,344,904	1,604,086
142,731	131,659	209,220	202,981	207,922	216,444
405,637	403,748	411,514	383,604	381,358	387,905
448,519	129,300	127,128	268,680	102,197	41,160
10,094	13,632	5,917	-	579	1,192
-	-	-	-	-	59,073
-	-	-	-	-	626,822
-	-	-	(291,281)	-	-
<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>	<u>5,988,603</u>
131,760	39,922	23,774	14,519	11,401	7,932
26,242	29,243	23,140	-	-	-
-	-	-	-	-	(626,822)
<u>158,002</u>	<u>69,165</u>	<u>46,914</u>	<u>14,519</u>	<u>11,401</u>	<u>(618,890)</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>	<u>5,369,713</u>
869,528	(1,189,880)	243,875	1,068,839	701,034	(180,979)
(98,795)	(327,143)	(344,028)	(434,920)	(420,213)	(505,465)
<u>\$ 770,733</u>	<u>\$ (1,517,023)</u>	<u>\$ (100,153)</u>	<u>\$ 633,919</u>	<u>\$ 280,821</u>	<u>\$ (686,444)</u>

(concluded)

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

	2005	2006	2007	2008
General Fund:				
Nonspendable	\$ 3,168,736	\$ 3,759,836	\$ 7,479,546	\$ 7,782,741
Restricted	-	-	-	-
Committed	226,154	626,250	-	-
Unassigned	4,919,768	4,696,058	2,668,372	2,768,083
Total general fund	<u>8,314,658</u>	<u>9,082,144</u>	<u>10,147,918</u>	<u>10,550,824</u>
All Other Governmental Funds:				
Nonspendable	200,023	200,053	203,787	205,181
Restricted	7,011,734	4,715,297	5,156,233	6,123,560
Unassigned (deficit)	(2,205,140)	(3,908,801)	(3,717,810)	(3,869,785)
Total all other governmental funds	<u>5,006,617</u>	<u>1,006,549</u>	<u>1,642,210</u>	<u>2,458,956</u>
Total all governmental funds	<u>\$ 13,321,275</u>	<u>\$ 10,088,693</u>	<u>\$ 11,790,128</u>	<u>\$ 13,009,780</u>

Source: City Finance Department

2009	2010	2011	2012	2013	2014
\$ 7,957,130	\$ 8,067,010	\$ 2,968,765	\$ 114,737	\$ 98,630	\$ 267,916
-	-	-	-	6,169,316	6,173,046
-	-	25,000	-	-	-
2,974,145	3,187,103	9,045,094	11,334,055	5,829,005	6,050,021
<u>10,931,275</u>	<u>11,254,113</u>	<u>12,038,859</u>	<u>11,448,792</u>	<u>12,096,951</u>	<u>12,490,983</u>
208,069	225,917	5,971	200,000	201,667	1,667
6,751,213	7,016,895	4,282,496	1,848,781	1,824,348	1,813,372
<u>(4,916,803)</u>	<u>(6,091,969)</u>	<u>(3,439,610)</u>	<u>(277,578)</u>	<u>(273,652)</u>	<u>(245,469)</u>
<u>2,042,479</u>	<u>1,150,843</u>	<u>848,857</u>	<u>1,771,203</u>	<u>1,752,363</u>	<u>1,569,570</u>
<u>\$ 12,973,754</u>	<u>\$ 12,404,956</u>	<u>\$ 12,887,716</u>	<u>\$ 13,219,995</u>	<u>\$ 13,849,314</u>	<u>\$ 14,060,553</u>

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

	2005	2006	2007	2008
Revenues:				
Taxes	\$ 4,115,578	\$ 4,388,271	\$ 4,476,399	\$ 5,002,441
Licenses, permits, and fees	-	114,470	186,321	254,325
Intergovernmental	522,143	398,107	1,454,554	1,337,608
Charges for services	4,314	-	128,955	74,040
Fines and forfeitures	285,861	270,080	54,015	38,240
Use of money and property	377,078	649,375	938,109	874,615
Other	61,897	189,030	517,830	188,423
Total revenues	5,366,871	6,009,333	7,756,183	7,769,692
Expenditures:				
Current:-				
General government	916,344	913,367	1,061,623	964,392
Community development	2,020,219	2,404,698	601,277	616,123
Culture and leisure	59,421	72,007	1,237,275	2,306,960
Public safety	1,078,031	1,257,100	1,346,880	1,560,994
Public works	2,237,054	4,198,719	684,238	794,403
Capital outlay	-	396,026	1,346,712	307,168
Total expenditures	6,311,069	9,241,917	6,278,005	6,550,040
Reconciliation of Governmental Revenues				
Less Expenditures to Fund Equity:				
Revenues over (under) expenditures	\$ (944,198)	\$ (3,232,584)	\$ 1,478,178	\$ 1,219,652
Other financing sources (uses):				
Transfer from Successor Agency Private Purpose Trust	-	-	-	-
Extraordinary loss on dissolution of redevelopment	-	-	-	-
Transfers in	-	427,721	1,000,000	1,800,000
Transfers out	-	(427,721)	(1,000,000)	(1,800,000)
Transfer to Santa Barbara County	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	\$ (944,198)	\$ (3,232,584)	\$ 1,478,178	\$ 1,219,652
Debt service as a percentage of noncapital expenditures	0%	0%	0%	0%

Source: City Finance Department

2009	2010	2011	2012	2013	2014
\$ 4,641,967	\$ 4,339,672	\$ 4,696,667	\$ 4,917,859	\$ 5,246,898	\$ 5,260,356
90,702	74,144	30,049	85,777	13,666	79,181
1,068,235	1,027,513	1,106,355	1,230,607	879,078	639,327
82,900	183,933	155,316	-	165,717	189,475
36,951	44,809	48,342	49,223	49,261	39,203
508,368	189,152	189,696	525,508	162,312	108,775
140,898	48,632	5,917	1,876	4,594	14,168
6,570,021	5,907,855	6,232,342	6,810,850	6,521,526	6,330,485
946,501	995,266	1,002,400	1,046,267	1,317,924	1,511,614
1,084,618	1,312,599	911,843	1,131,764	313,216	262,175
606,549	629,171	621,181	608,804	575,128	590,873
1,638,619	1,755,474	1,804,188	1,350,473	1,872,020	1,792,569
885,508	1,540,579	789,708	660,515	1,303,965	1,225,306
1,444,252	310,654	620,262	1,389,467	510,038	1,215,104
6,606,047	6,543,743	5,749,582	6,187,290	5,892,291	6,597,641
\$ (36,026)	\$ (635,888)	\$ 482,760	\$ 623,560	\$ 629,235	\$ (267,156)
-	-	-	-	-	59,073
-	-	-	(291,281)	-	-
-	-	4,602,777	-	-	1,264,556
-	-	(4,602,777)	-	-	(637,734)
-	-	-	-	-	(207,500)
-	-	-	(291,281)	-	478,395
\$ (36,026)	\$ (635,888)	\$ 482,760	\$ 332,279	\$ 629,235	\$ 211,239
0%	0%	0%	0%	0%	0%

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

	City			Former Redevelopment Agency			Total Direct Tax Rate
	Secured	Unsecured	Taxable Assessed Value	Secured	Unsecured	Taxable Assessed Value	
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%
FY 13-14	693,882,411	58,627,154	752,509,565	109,941,037	7,636,523	117,577,560	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's Office

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 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
FY 13-14	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 AB1x26 (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
-	1.05255	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	-
0.0250	1.07972	-

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

Property Owner	FY 2013-14			FY 2009-10		
	Assessed Valuation	Rank	% of Total	Assessed Valuation	Rank	% of Total
Oak Springs Village Properties LLC	\$ 16,319,970	1	19.6%	\$ 15,606,000	1	18.7%
FPA Flying Flags Associates, LP	15,129,587	2	18.1%	14,467,701	2	17.3%
Kang Family Partners	8,548,210	3	10.2%	7,811,985	5	9.3%
Buellton Self-Storage, LP	7,101,356	4	8.5%	7,969,779	4	9.5%
Kaywine, LLC	6,934,266	5	8.3%	-	-	-
Santa Ynez Valley Properties, LP	6,712,920	6	8.0%	-	-	-
ABS CA-O LLC	6,492,080	7	7.8%	-	-	-
Santa Ynez Self Storage, LLC	5,873,142	8	7.0%	5,626,454	7	6.7%
Hauber Family Trust	5,202,994	9	6.2%	5,050,479	8	6.0%
Los Padres Properties	5,102,799	10	6.1%	4,879,567	10	5.8%
Buellton Industrial Partners II, LLC	-	-	-	11,113,702	3	13.3%
New Albertsons, Inc	-	-	-	6,208,066	6	7.4%
Santa Ynez Band of Mission Indians	-	-	-	4,900,000	9	5.9%
	<u>\$83,417,324</u>		<u>100.0%</u>	<u>\$83,633,733</u>		<u>100.0%</u>

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

City of Buellton, California

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

Jan-Mar 2014	Oct-Dec 2010
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
Platinum Performance	Longs
Circle K	Platinum Performance
CVS Pharmacy	Buellton Chevron
Firestone Walker Brewing	Ralphs Valley Service
Pfg	Eagle Energy
Todd Pipe & Supply	Hitching Post
The Hitching Post II	Andersons Pea Soup
Andersons Pea Soup	AJ Spurs Saloon & Dining Hall
Farm Supply	San Ynez Valley Marriot
AJ Spurs Saloon & Dining Hall	McDonalds
McDonalds	Firestone Walker Brewing
Platinum Performance Vet	Carls Jr.
Buellton 76 Circle K	Thin Film Technology
Santa Ynez Valley Mariott	Coast Auto Sales
Terravant Wine Company	Mother Hubbards
Figueroa Mountain Brewing	New West Catering
New West Catering	Gracian Agricultural
Coast Auto Sales	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.

Source: City Finance Department

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		Collections in Subsequent Years	Total Collections to Date	
		Fiscal Year of the Levy Amount	Percentage of Levy		Amount	Percentage of Levy
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%
2014	1,116,510	1,116,510	100%	-	1,116,510	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, 2014

2013-14 Assessed Valuation \$ 752,509,565

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>	<u>Debt 6/30/2014</u>
Allan Hancock Joint Community College District - GO Bonds	3.402%	\$ 4,685,956
Buellton Union School District - GO Bonds and Bond Anticipation Notes	73.033%	6,417,835
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$ 11,103,791
<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>		
Buellton Union School District - Certificates of Participation	73.033%	\$ 368,817
Santa Ynez Valley Union High School District - Certificates of Participation	12.796%	381,974
Santa Barbara County Certificates of Participation	1.141%	756,509
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$ 1,507,300
COMBINED TOTAL DEBT		\$ 12,611,091 (1)

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

Ratios to 2013-14 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	1.48%
Combined Total Debt	1.68%

Source: Eastshore Consulting, LLC.

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

	2005	2006	2007	2008
Assessed Value	\$ 489,904,559	\$ 574,383,945	\$ 621,975,128	\$ 679,402,694
Conversion Percentage	25%	25%	25%	25%
Adjusted Assessed Value	122,476,140	143,595,986	155,493,782	169,850,674
Debt Limit Percentage	15%	15%	15%	15%
Debt limit	18,371,421	21,539,398	23,324,067	25,477,601
Total net debt applicable to limit	-	-	-	-
Legal debt margin	\$ 18,371,421	\$ 21,539,398	\$ 23,324,067	\$ 25,477,601
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 valuation perspective to the 25% level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the state.

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

Source: City Finance Department

2009	2010	2011	2012	2013	2014
\$ 707,619,233	\$ 686,233,598	\$ 684,320,951	\$ 683,948,070	\$ 677,670,315	\$ 693,882,411
25%	25%	25%	25%	25%	25%
176,904,808	171,558,400	171,080,238	170,987,018	169,417,579	173,470,603
15%	15%	15%	15%	15%	15%
26,535,721	25,733,760	25,662,036	25,648,053	25,412,637	26,020,590
-	-	-	-	-	-
\$ 26,535,721	\$ 25,733,760	\$ 25,662,036	\$ 25,648,053	\$ 25,412,637	\$ 26,020,590
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>
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	19,300	45.0	6.3
2014	4,863	20,600	47.6	5.4

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, numbers are based on January 1

⁽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	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
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	1.00	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	-	-	-	-	-	-
- Finance	5.00	4.00	4.00	4.00	4.00	3.00	3.00	3.00	3.00	3.28
Community Development										
- Planning	1.00	3.00	3.00	3.00	3.00	3.05	3.13	3.19	3.10	3.16
Culture and Leisure										
- Parks & Recreation	1.00	-	-	1.00	2.51	3.35	3.43	3.61	3.97	5.09
- Library **	-	-	-	-	-	-	-	-	-	-
Public Safety										
- Police ***	-	-	-	-	-	-	-	-	-	-
- Fire ****	-	-	-	-	-	-	-	-	-	-
Public works										
- Street Lights	-	-	-	-	-	-	-	-	-	-
- Engineering	-	-	-	-	-	-	-	-	-	-
- General	8.00	7.00	7.00	7.00	7.00	6.09	6.53	7.40	7.00	9.05
Total	24.00	22.00	22.00	23.00	23.51	22.49	23.09	24.21	24.07	27.58

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 Finance Department

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

Function	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Police *										
- Arrests	375	386	383	412	339	429	313	260	231	147
- Non-criminal Citations	238	165	867	489	507	644	452	292	348	768
Total Police Actions	613	551	1,250	901	846	1,073	765	552	579	915
Fire **										
- Number of Calls for Service	NA	NA	NA	NA	NA	NA	167	526	777	538
- Emergency Call Responses	NA	NA	NA	NA	NA	NA	119	197	186	351
- Fire Prevention Activities	NA	NA	NA	NA	NA	NA	2	19	21	14
Total Fire Actions							288	742	984	903
Planning Permits:										
- Certificate of Compliance	-	-	1	-	-	-	-	-	-	-
- Conditional Use	3	2	-	2	-	3	1	-	2	1
- Development Plan Modification	-	-	2	1	2	-	-	-	-	-
- Final Development Plan	6	2	5	1	3	-	1	2	1	5
- General Plan Amendment	3	1	3	-	3	-	-	-	-	-
- Preliminary Development Plan	3	-	1	-	-	-	-	-	1	-
- Home Occupation	-	5	1	3	5	1	2	5	3	4
- Land Use Exemption ***	40	80	89	73	78	35	42	49	48	68
- Lot Line Adjustment	3	-	2	1	-	1	-	-	-	2
- Minor Use Permit	1	2	2	2	2	-	1	-	-	-
- Sign Ordinance Exemption	-	1	1	1	1	-	-	1	2	-
- Specific Plan	1	-	1	-	-	-	-	-	1	-
- Time Extensions	1	2	-	3	2	-	-	-	2	2
- Tentative Parcel Map	3	-	2	2	1	-	-	1	-	-
- Tentative Tract Map	5	-	2	1	-	-	-	-	-	1
- Variance	1	1	-	-	-	-	-	-	-	-
- Zoning Clearance	19	24	49	16	54	39	37	42	41	27
- Zoning Ordinance Amendment	2	4	5	-	4	2	2	1	-	1
Total planning actions	91	124	166	106	155	81	86	101	101	111

*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

3. FY2014 data is for July 2013 - Dec 2013 & Apr 2014 - June 2014

*** 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	2005	2006	2007	2008
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	50
Parks and recreation				
Parks	1	2	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 provided are for those portions of the system located within the City of Buellton.

Source: City Finance, Public Works and Planning Departments

2009	2010	2011	2012	2013	2014
1	1	1	1	1	1
1	1	1	1	1	1
22	22	22	22	22	22
50	50	64	64	64	64
2	2	2	2	2	4
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

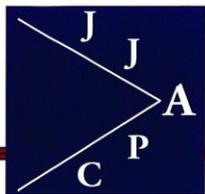
City of Buellton, California
Capital Asset Statistics by Funds
Last Ten Fiscal Years
(Fiscal year ended June 30)

	2005	2006	2007	2008
Governmental-type				
Land	\$ 1,118,648	\$ 1,118,648	\$ 1,118,648	\$ 1,118,648
Construction-in-progress	-	-	-	-
Buildings and improvements	284,582	666,664	7,626,199	7,759,526
Equipment	508,781	548,810	394,828	376,438
Infrastructure	14,986,648	14,986,648	14,986,648	14,986,648
Total	<u>16,898,659</u>	<u>17,320,770</u>	<u>24,126,323</u>	<u>24,241,260</u>
Accumulated depreciation				
Total Accumulated depreciation	(6,765,380)	(7,030,837)	(7,328,622)	(7,994,384)
Total Governmental net capital assets	<u>10,133,279</u>	<u>10,289,933</u>	<u>16,797,701</u>	<u>16,246,876</u>
Business-type Activities				
Land	\$ -	\$ -	\$ 247,691	\$ 247,691
Construction-in-progress	-	-	-	-
Buildings and improvements	-	-	-	-
Equipment	-	-	348,660	428,084
Infrastructure	9,924,601	10,142,541	9,572,352	9,985,252
Total	<u>9,924,601</u>	<u>10,142,541</u>	<u>10,168,703</u>	<u>10,661,027</u>
Accumulated depreciation				
Total accumulated depreciation	(4,393,219)	(4,611,889)	(4,913,310)	(5,271,324)
Total Business-type net capital assets	<u>\$ 5,531,382</u>	<u>\$ 5,530,652</u>	<u>\$ 5,255,393</u>	<u>\$ 5,389,703</u>

Source: City Finance Department

2009	2010	2011	2012	2013	2014
\$ 1,118,648	\$ 1,118,648	\$ 1,536,248	\$ 1,536,248	\$ 1,536,248	\$ 1,536,248
92,397	-	-	-	-	-
8,388,508	8,318,333	8,346,414	4,221,448	4,221,448	4,221,448
292,115	306,543	392,039	385,766	425,998	444,765
15,824,033	16,094,430	16,183,515	15,815,655	16,279,484	16,364,557
25,715,701	25,837,954	26,458,216	21,959,117	22,463,178	22,567,018
(8,558,186)	(9,275,200)	(10,013,178)	(4,555,664)	(4,812,370)	(5,067,910)
17,157,515	16,562,754	16,445,038	17,403,453	17,650,808	17,499,108
\$ 247,691	\$ 247,691	\$ 247,691	\$ 247,691	\$ 247,691	\$ 247,691
-	88,645	-	-	-	-
-	-	-	574,387	574,387	574,387
428,084	552,625	557,499	582,952	740,718	773,522
10,065,452	10,116,246	10,968,077	10,729,454	10,765,834	11,207,646
10,741,227	11,005,207	11,773,267	12,134,484	12,328,630	12,803,246
(5,589,314)	(5,908,365)	(6,242,860)	(6,571,046)	(6,908,230)	(7,247,635)
\$ 5,151,913	\$ 5,096,842	\$ 5,530,407	\$ 5,563,438	\$ 5,420,400	\$ 5,555,611

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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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 1, 2014.

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.

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.

December 1, 2014

JJACPA, Inc.

JJACPA, Inc.
Dublin, CA