

# CITY OF BUELLTON, CALIFORNIA

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## COMPREHENSIVE ANNUAL FINANCIAL REPORT

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FOR THE FISCAL YEAR ENDED JUNE 30, 2018



Cover Photo: Vineyard Village Townhomes Project

CITY OF BUELLTON, CALIFORNIA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2018

PREPARED BY:

FINANCE DEPARTMENT

Shannel Zamora, Finance Director

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## INTRODUCTORY SECTION

**CITY OF BUELLTON**

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# City of Buellton

December 31, 2018

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, 2017 through June 30, 2018. 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 require a more detailed discussion of the City’s financial results refer to Management’s Discussion & Analysis (“MD&A”). The City’s MD&A can be found immediately following the report by the independent auditor. 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, 2018.

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 (GAAP). Because the cost of control should not exceed the benefit derived; the objective is to provide reasonable, rather than absolute assurance, that the financial statements are free of any material misstatements.

The City contracted with Moss, Levy and Hartzheim, LLP, a firm of licensed certified public accountants, to practice in the State of California, to perform the annual independent audit. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The auditors expressed an opinion that the City’s financial statements for fiscal year 2017-2018 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.

**CITY OF BUELLTON**  
**Letter of Transmittal**  
**For the Year Ended June 30, 2018**

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**REPORTING ENTITY**

The City of Buellton has operated under the Council-Manager form of government since incorporation in February 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 two members elected every two years. Starting in 2016, the City transitioned from an appointed Mayor to an elected Mayor with a two-year term. The City Manager is appointed by the Council and serves as the chief administrative officer of the organization responsible for the administration of City affairs, day-to-day operations and implementation of Council policies. In addition to the City Manager, the City Attorney is appointed by and reports directly to the Council.

The City of Buellton, California was incorporated in 1992 and is in the central coast part of the state, within 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 5,291 consisting of 1,911 households within the City. Thousands of travelers have come to know Buellton as the Home of the Split Pea Soup, giving credit to Andersen'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 through in-house staff and via contracts, 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.

The CAFR includes all funds of the City, as well as all governmental organizations and activities for which the Council has financial accountability.

**ECONOMIC CONDITION AND FISCAL OUTLOOK**

The City has experienced a period of growth over the past several years. In the last ten years, the population of the City has grown by twelve percent. Development in the city has prospered with twenty open projects which consist of multi-family residential, industrial, commercial, mixed used projects. In FY 2016-17, the construction of 155 townhomes of the Vineyard Village

**CITY OF BUELLTON**  
**Letter of Transmittal**  
**For the Year Ended June 30, 2018**

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Townhomes Project began. At the end of FY 2017-18, close to 100 homes were completed (74 units had received Certificates of Occupancy). Revenues, such as property tax and sales tax, are all affected positively from the increased development both indirectly from the growth in population and directly by the growth in assessed property value.

In addition, the City's sales tax revenues are expected to show modest annual increases as population increases and tourist activity continue to rise. Tourists continue to view Buellton as a destination. The top three sales tax categories for the City are: Autos and Transportation, Fuel and Service Stations, and Restaurants and Hotels.

Fiscal year 2017-18 ended with solid growth (46.1% increase from previous year) in Transient Occupancy Tax (TOT). The City experienced a full fiscal year of receiving TOT from the addition of the Hampton Inn which contributed to the dramatic increase in TOT. Last fiscal year, the City only experienced one month of additional TOT since the Hampton Inn opened in June 2017.

The 2017-18 Adopted Budget was developed with the assumption of continued economic strength. Economic indicators and actual revenue performance support this assumption during 2017-18. The City Council adopted a balanced budget which anticipated an operating budget maintaining City services and allowing for incremental increases in employee compensation. Community Organization Support increased slightly over the prior year with contributions to the Senior Center, People Helping People, Food Bank of Santa Barbara County, Santa Ynez Valley Fruit and Vegetable Rescue, Nature Track, and Zaca Center Preschool. Funding was provided to the Buellton Visitor's Bureau to promote tourism and economic development.

The City attracts 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 median household income is \$77,462 compared to \$68,023 for Santa Barbara County. The households are mostly owner-occupied, newer housing. There is a large mobile home population consisting of about 20% of the population. According to Zillow Home Value Index, Buellton's home value peaked in 2005 at \$683,700. The June 2018 value is \$579,000. The median home value for Santa Barbara County compares at \$608,000 along with the California value of \$576,000.

The unemployment rate in Buellton ended the fiscal year at 1.8 percent, which remained unchanged for the same period in the previous year. This rate continues to stay well below the statewide average. According to the Bureau of Labor Statistics (BLS), the unemployment rate for California in June 2018 was 4.2 percent. The National Unemployment Rate was lower than California at 4.0 percent.

**CITY OF BUELLTON**  
**Letter of Transmittal**  
**For the Year Ended June 30, 2018**

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**LONG-TERM FINANCIAL PLANNING AND MAJOR INITIATIVES**

Fiscal Year 2017-18 marks the first year of the City's first Biennial Budget for FY 2017-18 and FY 2018-19. The Biennial Budget was developed to allow the ability to maintain long-range planning efforts, ability to develop realistic significant objectives, encourage more efficient spending patterns and to save time and resources allocated to preparing an annual budget. The budget was reformatted to efficiently communicate information to the community and to City Council members.

Staff has become more efficient with the investment of new computer software implemented in FY 15/16. This has allowed the city to improve our services for customers and employees and has allowed the City to accomplish its goals. We continue to improve our financial transparency via our City website, and have added the ability for customers to pay utility bills and view usage information online.

Examples of Long-Term Financial Planning and Major Initiatives for the fiscal year ended June 30, 2018 include the following:

- The Vineyard Village Townhomes project continues to construct its 155-unit planned development.
- City Council created an Ad Hoc Committee to discuss monthly water and wastewater fees increases. The Ad Hoc Committee determined that it was to the City's financial benefit to continue with the scheduled rate increases effective November 1, 2017 and July 1, 2018.
- On December 21, 2017, the Planning Commission approved The Network Project located at the Southern Terminus of Industrial Way. The proposed project is an industrial project consisting of 66,822 square feet of light industrial uses within 13 separate tenant spaces.
- City council discussed possible uses for the City Owned Property at 480 Central Avenue and determined a public parking lot was the best use of the property. Council agreed by consensus to work with a future developer for construction of the parking lot.
- City Council adopted the Avenue of Flags Specific Plan. The Avenue of Flags ("The Avenue") specific plan is intended to transform "The Avenue" into a vibrant downtown that meets the needs of the community.
- On February 22, 2018, the City Council approved The Hub Project located at the Southern Terminus of Industrial Way. The proposed project is a mixed-use project consisting of:
  - 50 apartments and community center in three buildings
  - 46,676 square feet of industrial spaces in 4 buildings
  - 28,066 square feet of office space in 2 buildings with 4 rooftop residential units
  - 323 parking spaces
  - dedicated open space with public trails and paths
  - Restoration of Zaca Creek
  - A 3-lot tentative tract map for airspace condominium purpose to allow sale of individual residential and industrial/commercial units.

**CITY OF BUELLTON**  
**Letter of Transmittal**  
**For the Year Ended June 30, 2018**

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- On May 24, 2018, City Council provided direction to address future pension costs by accelerating pension payments and by setting up a reserve fund policy.

**CAPITAL IMPROVEMENT PLAN**

The use of a Capital Improvement Fund not only tracks costs but guides the City in the planning, scheduling and budgeting of capital improvement projects. The City has completed the development of a Five-year Capital Improvement Plan (“CIP”) and has included it in its Biennial Budget. The City-wide capital improvement fund summarizes each project by “start date” and “end date”. 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 2017-18 CIP budget was about \$3.5 Million and reflects no percentage increase from 2016-17. The CIP includes large investments to upgrade Water and Wastewater Treatment facilities and infrastructure upgrades such as Streets and Sidewalks.

Key components of the Capital Improvement Program for 2017-22 include:

- Circulation Improvements –McMurray Road Widening, Avenue of the Flags Park and Ride structure and Bus Shelter improvements are still in progress with incremental progress assisting with traffic flow. The majority of funding is through the City General Fund.
- Road Maintenance and Storm Drain Retrofit –Phase III Highway 246 Pedestrian Crossing and Street and Pavement rehabilitation activities are ongoing. 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 Capital Program – Water Facilities Improvements, Water Treatment Plant Pump Booster Reliability Project, Backwash Reclamation, Recycled Study, Water Distribution and Water Meter upgrades.
- Sanitary Sewer System Capital Program –Sewer Collection System (CCTV) project, Sewer Line Replacement, and Head-Works Improvement.
- Parks, Facilities and Miscellaneous – Facilities Maintenance and Painting, Post Office Alarm Replacement, City Hall Generator and Electrical Replacement, Ave of Flags Pedestrian Paths Improvements, Village Park (combine funding with Developer) and Santa Ynez River Trail.

**CITY OF BUELLTON**  
**Letter of Transmittal**  
**For the Year Ended June 30, 2018**

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**FINANCIAL INFORMATION**

***Budgetary Controls***

The City maintains budgetary controls through the City Council's adoption of a biennial 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 trend analysis. Budget amendments are submitted to Council when a fund's 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.

**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, 2017. This marks the 5<sup>th</sup> consecutive 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.

**CITY OF BUELLTON**  
**Letter of Transmittal**  
**For the Year Ended June 30, 2018**

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In addition, staff in all City departments should be recognized. The City also recognizes the contributions and positive working relationship with Moss, Levy, and Hartzheim LLP.

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.

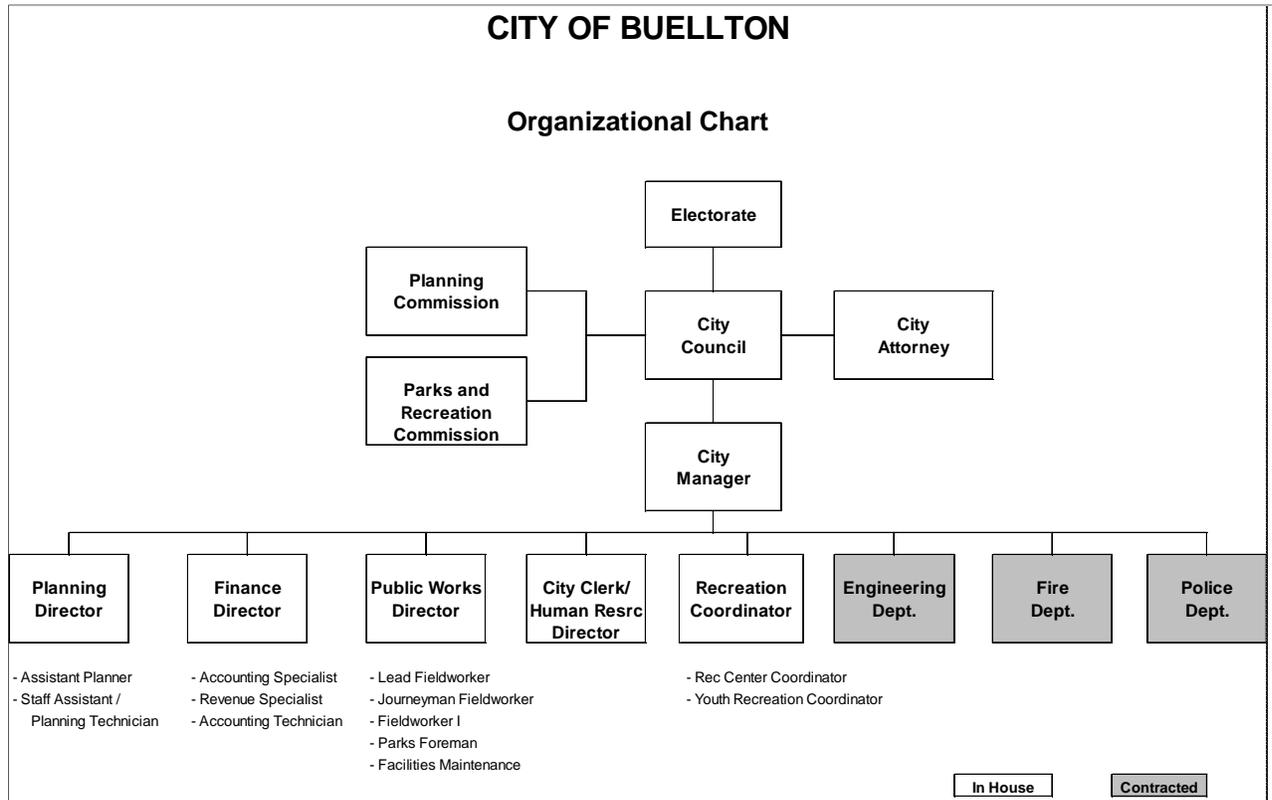
Respectfully Submitted,



Shannel Zamora  
Finance Director

**City of Buellton, California**  
**Comprehensive Annual Financial Report**  
**For the year ended June 30, 2018**

**Organization Chart**



**City of Buellton, California**  
**Comprehensive Annual Financial Report**  
**For the year ended June 30, 2018**

**List of Officials**

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***CITY COUNCIL***

- Holly Sierra, Mayor
- Dave King, Vice Mayor
- Ed Andrisek, City Council Member
- Art Mercado, City Council Member
- Vacant, City Council Member

***CITY OFFICIALS***

- Marc Bierdzinski, City Manager/Planning Director
- Shannel Zamora, 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

**City of Buellton, California**  
**Comprehensive Annual Financial Report**  
**For the year ended June 30, 2018**

**Certificate of Achievement for Excellence in Financial Reporting**

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Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Buellton  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2017**

*Christopher P. Morill*

Executive Director/CEO

## **FINANCIAL SECTION**

## INDEPENDENT AUDITORS' REPORT

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, and the aggregate remaining fund information of the City of Buellton, as of and for the fiscal year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

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

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Buellton, as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

### Emphasis of Matter

#### *Changes in Accounting Principles*

As discussed in note 1 to the basic financial statements effective July 1, 2017, the City of Buellton adopted Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 19, the budgetary information on pages 61 through 62, the schedule of proportionate share of net pension liability on page 63, the schedule of pension contributions on page 64, the schedule of changes in OPEB liability on page 65, and the schedule of OPEB contributions on page 66, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Buellton's basic financial statements. The introductory section, statistical section, major capital project fund schedule, combining and individual nonmajor fund financial statements and schedules, and the fiduciary fund statement of changes in assets and liabilities are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The major capital project fund schedule, combining and individual nonmajor fund financial statements and schedules and the fiduciary fund statement of changes in assets and liabilities are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules, nonmajor funds budgetary comparison schedules, and the fiduciary funds statement of changes in assets and liabilities are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2018, on our consideration of the City of Buellton's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Moss, Levy & Halperin LLP*

Santa Maria, California  
December 28, 2018

**City of Buellton, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2018**

**Management's Discussion and Analysis**

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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, 2018. It should be read in conjunction with the accompanying transmittal letter and basic financial statements.

**FINANCIAL HIGHLIGHTS**

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- As of the close of the fiscal year, the City's total net position increased by \$2,194,307, or 6.3%, from the previous fiscal year. The increase is primarily due to the increase in current assets in both the government-type activities and business-type activities. A summary of transactions reflecting Net Position is found on page 7 of this report.
- On June 30, 2018, the City's assets and deferred outflow of resources exceeded its liabilities and deferred inflows of resources by \$36,875,116 (net position). Of this amount, \$10,142,353 (unrestricted net position) may be used to meet the government's ongoing obligations to its citizens and creditors. The remaining amount includes \$25,445,798 for net investment in capital assets and \$1,286,965 for restricted net position.
- The City of Buellton's governmental funds reported a combined ending fund balance of \$9,585,451, an increase of \$1,242,297, or 15%, in comparison with the prior fiscal year fund balance. \$8,182,399 (85%) of the fund balance is available for spending at the government's discretion (unassigned fund balance).
- The City's General Fund unrestricted fund balance ended the fiscal year with \$8,311,826. Management's suggested minimum reserve goal is to maintain 25% of budgeted operating expenditures, or a "non-spendable" fund balance figure of \$1,573,966. The unassigned fund balance is in substantial excess of the suggested minimum reserve, or \$6,233,870 is "spendable".
- The primary government's program revenues increased \$467,202 or 10 %, in comparison with the prior fiscal year. The increase was driven by a \$798,292 increase for charges for services, and a decrease of \$331,090 for grants and contributions. The total primary government's expenses increased by \$19,805, nearly 0%.
- The City's net pension liability increased from \$1,844,092 to \$2,153,367 which is approximately a 17% increase from the prior year. As of the most current Annual Valuation Report (June 30, 2017), the City's defined benefit plan's funding ratios were 97.1% for the PEPR Plan and 76.2% for the Classic Plan.
- Fiscal year ended June 30, 2018 was the first year that the City reported its OPEB liability per GASB 75. The net OPEB liability was \$1,709,564, and the percentage of covered-employee payroll was 119.91%.

**City of Buellton, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2018**

**Management's Discussion and Analysis**

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OVERVIEW OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT

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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 (current section), 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 emphasis on measuring net revenues or expenses of each of 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.
- ◆ **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.

**City of Buellton, California**  
**Basic Financial Statements**  
**For the year ended June 30, 2018**

**Management's Discussion and Analysis**

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*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 three categories: governmental funds, proprietary funds and fiduciary funds.

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

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.

For the fiscal year ended June 30, 2018, the City's major funds are as follows:

**GOVERNMENTAL FUNDS:**

- ◆ General Fund
- ◆ Transportation Planning Special Revenue Fund
- ◆ Capital Improvement 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 agency fiduciary fund. The agency fund is 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.

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**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 35-59 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 70-73 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

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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 and deferred outflow of resources exceeded liabilities and deferred inflows of resources by \$36,875,116 for the period ending June 30, 2018, a 6.3 percent increase from the prior year.

The largest portion (69 percent) of the City's net position reflects its investment of \$25.4 million in capital assets (land, building and improvements, equipment and infrastructure, net of accumulated depreciation). The City uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending.

About \$1.3 million (4 percent) of the City's net position represents resources that are subject to external restrictions on how they may expended. These restrictions include Housing and Streets, Roads and Transportations.

About \$10.1 million of the net position (27 percent) is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors. Of this amount, \$4.3 million is held by the business-type activities and \$5.8 million held by the governmental activities.

The statement of activities shows how the City's net position changed during fiscal year 2017-18 compared to the prior year. The City's net position increased overall by about \$2.6 million during the fiscal year which shows the City's financial health is better than the previous year.

The tables on the following pages present a summary of net changes of the City's net position as of June 30, 2017, and June 30, 2018.

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The Summary of Net Position as of June 30, 2018, and 2017, follows:

	<b>Summary of Net Position</b>					
	<b>2018</b>			<b>2017</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Current and other assets	\$ 10,002,491	\$ 5,340,446	\$ 15,342,937	\$ 8,906,739	\$ 4,312,357	\$ 13,219,096
Noncurrent assets						
Capital assets, net	20,168,946	5,305,580	25,474,526	19,502,618	5,644,028	25,146,646
Total assets	30,171,437	10,646,026	40,817,463	28,409,357	9,956,385	38,365,742
Deferred outflows of resources	556,263	344,914	901,177	436,805	112,573	549,378
Total assets and deferred outflows of resources	30,727,700	10,990,940	41,718,640	28,846,162	10,068,958	38,915,120
Current and other liabilities	417,040	129,957	546,997	563,585	136,464	700,049
Noncurrent liabilities	2,833,965	1,196,296	4,030,261	2,727,945	512,984	3,240,929
Total liabilities	3,251,005	1,326,253	4,577,258	3,291,530	649,448	3,940,978
Deferred inflows of resources	225,775	40,491	266,266	233,226	60,107	293,333
Total liabilities and deferred inflow of resources	3,476,780	1,366,744	4,843,524	3,524,756	709,555	4,234,311
Net Position:						
Net investment in capital assets	20,140,218	5,305,580	25,445,798	19,488,470	5,644,028	25,132,498
Restricted	1,286,965		1,286,965	1,508,316		1,508,316
Unrestricted	5,823,737	4,318,616	10,142,353	4,324,620	3,715,375	8,039,995
<b>Total net position</b>	<b>\$ 27,250,920</b>	<b>\$ 9,624,196</b>	<b>\$ 36,875,116</b>	<b>\$ 25,321,406</b>	<b>\$ 9,359,403</b>	<b>\$ 34,680,809</b>

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Provided below is a summary of changes in Net Position for the fiscal years ended June 30, 2018, and 2017.

	Changes in Net Position					
	2018			2017		
	Govern- mental Activities	Business- type Activities	Total	Govern- mental Activities	Business- type Activities	Total
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 236,551	\$ 3,561,895	\$ 3,798,446	\$ 226,932	\$ 2,773,222	\$ 3,000,154
Grants and contributions:						
Operating	1,003,979		1,003,979	1,405,359		1,405,359
Capital		295,197	295,197		224,907	224,907
General revenues:						
Secured and unsecured property taxes	1,450,412		1,450,412	1,297,795		1,297,795
Sales and use tax	2,342,222		2,342,222	2,521,898		2,521,898
Transient lodging tax	2,832,056		2,832,056	1,938,720		1,938,720
Franchise taxes	250,259		250,259	221,847		221,847
Other taxes	32,858		32,858	43,555		43,555
Fines and forfeitures	23,097		23,097	25,396	17,030	42,426
Investment income	169,108	38,315	207,423	142,325		142,325
Other general revenues	8,155		8,155	11,372		11,372
<b>Total revenues</b>	<b>8,348,697</b>	<b>3,895,407</b>	<b>12,244,104</b>	<b>7,835,199</b>	<b>3,015,159</b>	<b>10,850,358</b>
<b>Expenses:</b>						
Governmental activities:						
General government	1,703,992		1,703,992	1,784,167		1,784,167
Community development	342,972		342,972	364,935		364,935
Culture and leisure	796,225		796,225	790,357		790,357
Public safety	1,919,643		1,919,643	1,922,881		1,922,881
Public works	1,717,639		1,717,639	1,722,304		1,722,304
Interest on long term debt	875		875	645		645
Business-type activities:						
Water		1,986,774	1,986,774		1,955,852	1,955,852
Sewer		1,192,648	1,192,648		1,099,822	1,099,822
<b>Total expenses</b>	<b>6,481,346</b>	<b>3,179,422</b>	<b>9,660,768</b>	<b>6,585,289</b>	<b>3,055,674</b>	<b>9,640,963</b>
<b>Excess (Deficiency) of revenues over expenses</b>	<b>1,867,351</b>	<b>715,985</b>	<b>2,583,336</b>	<b>1,249,910</b>	<b>(40,515)</b>	<b>1,209,395</b>
Change in net position	1,867,351	715,985	2,583,336	1,249,910	(40,515)	1,209,395
<b>Net position:</b>						
Beginning of year	25,321,406	9,359,403	34,680,809	24,368,103	9,385,486	33,753,589
Adjustments	62,163	(451,192)	(389,029)	(296,607)	14,432	(282,175)
Beginning of year, as adjusted	25,383,569	8,908,211	34,291,780	24,071,496	9,399,918	33,471,414
<b>End of year</b>	<b>\$ 27,250,920</b>	<b>\$ 9,624,196</b>	<b>\$ 36,875,116</b>	<b>\$ 25,321,406</b>	<b>\$ 9,359,403</b>	<b>\$ 34,680,809</b>

**City of Buellton, California**  
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**Revenues**

The City's total revenues for governmental and business-type activities were \$12,244,104 for the fiscal year ended June 30, 2018. Total revenue from government-type activities were \$8,348,697. Approximately 91% or \$7,628,669 of the City's key governmental revenues is generated from four major sources: Sales, property, transient occupancy taxes, and grants and contributions.

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

- 1. Sales and Use Taxes** – Sales tax receipts totaled \$2,342,222, a decrease of \$179,676, or 7% from the previous fiscal year. The decrease is attributed to the final payment of the Sales Tax Triple Flip Economic Recovery Bond Fund. The final triple-flip payment occurred during the previous fiscal year. Strong revenue streams from local sales tax are expected to increase as new businesses continue to open, but will grow at a much steadier pace.
- 2. Secured and Unsecured Property Taxes** – Property tax revenues, recorded in the governmental fund, total \$1,450,412 for an increase of \$152,617, or 12%. Property tax is expected to increase at a steady rate as the assessed property values continue to rise and as new construction development progresses.
- 3. Grants and Contributions – Governmental and Business-Type Activities Operating** – Grants continue to be a consistent source of revenue for public works uses under Business and Governmental-type activities. This was mainly due to street, road, and community enhancement operating grants for maintenance and operations renewed in the current year. For the last half of the fiscal year, the City received new gas tax revenue under the Road Repair and Accountability Act (SB1). Although the City received additional grants, operating grants decreased \$401,380, or about 29%. The reason for the decrease is that last fiscal year the City received cost reimbursements from the state totaling \$371,826.
- 4. Transient Occupancy Tax – Governmental Activities Operating** – This revenue source is a major component and top revenue source of the City's General Fund. Transient Occupancy Tax (TOT) increased \$893,336, or 46%, for a total of \$2,832,056 due to the increased occupancy from the addition of the Hampton Inn Hotel.

**Expenses**

Governmental and business-type activity expenses of the City for the year totaled \$9,660,768. Governmental activity expenses totaled \$6,481,346, or about 67% of total expenses. Business-type activities incurred \$3,179,422 of expenses during the fiscal year.

*Governmental Activities*

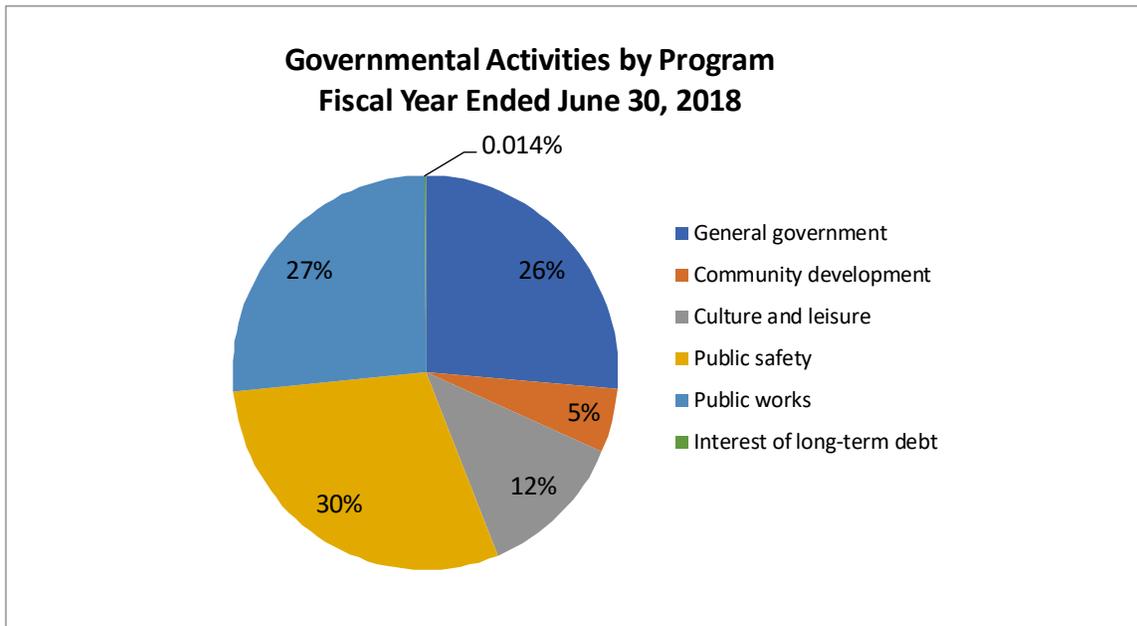
The table on the following page shows the cost of each of the City's major programs and the net cost of the programs. Net cost is the total cost less fees and other direct revenue generated by the activities. The net cost reflects the financial burden that was placed on the City's taxpayers by each of the programs. Public Safety costs of \$1,919,643 represented about 30% of total governmental activities expenses, which represented the largest

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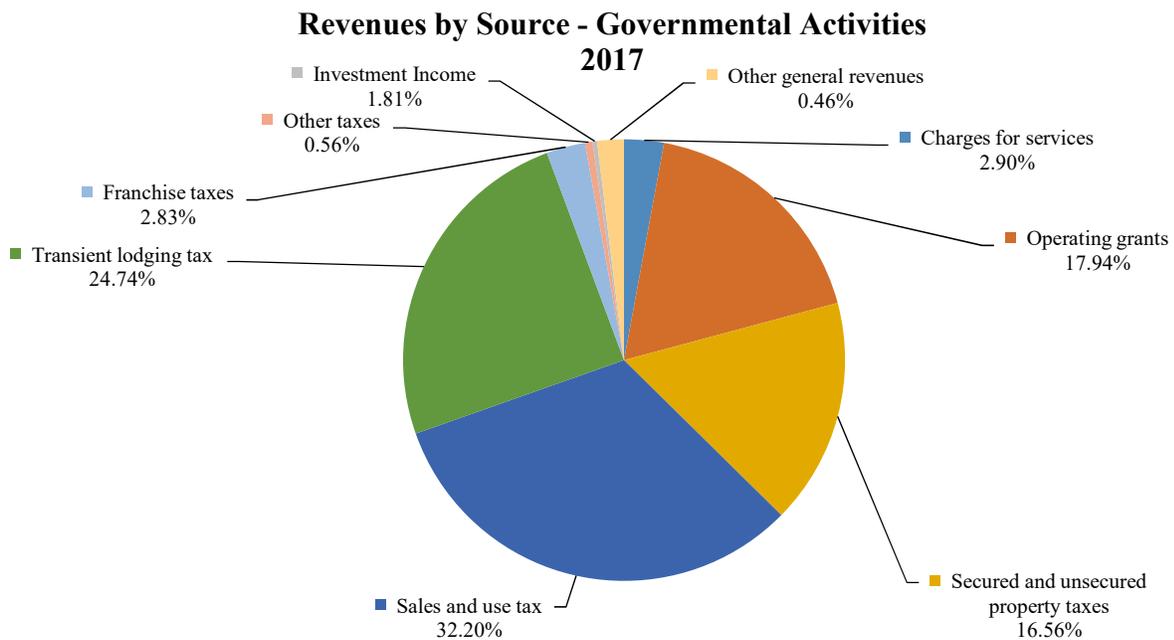
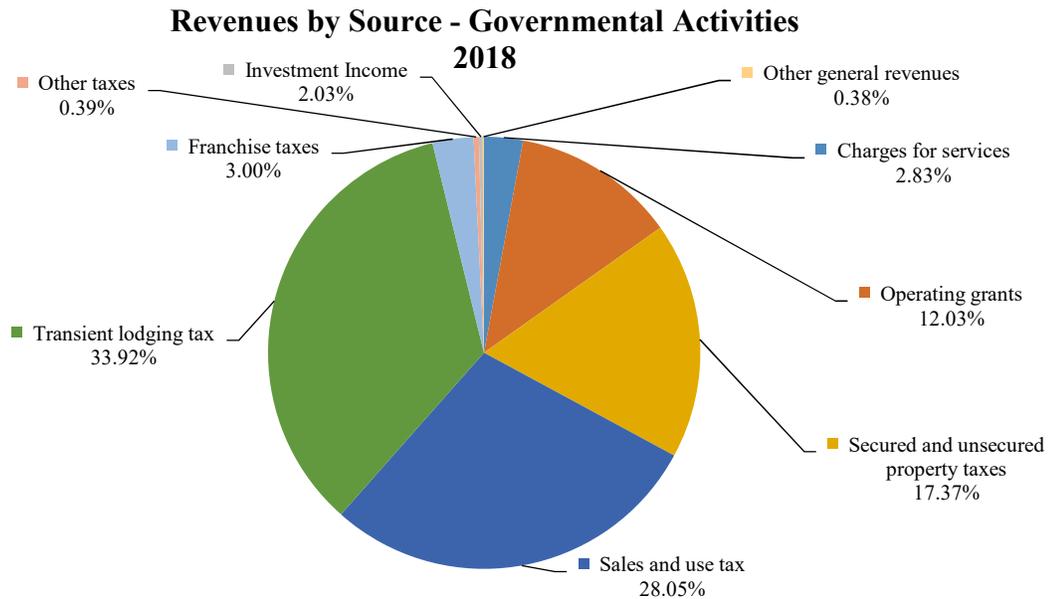
single expense for governmental activities. The total cost of services and the net cost of services for the fiscal years ended June 30, 2018, and 2017, are as follows:

	2018		2017	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
General government	\$ 1,703,992	\$ 1,703,992	\$ 1,784,167	\$ 1,784,167
Community development	342,972	337,972	364,935	359,935
Culture and leisure	796,225	559,674	790,357	563,425
Public safety	1,919,643	1,919,643	1,922,881	1,922,881
Public works	1,717,639	718,660	1,722,304	321,945
Interest of long-term debt	875	875	645	645
<b>Total</b>	<b>\$ 6,481,346</b>	<b>\$ 5,240,816</b>	<b>\$ 6,585,289</b>	<b>\$ 4,952,998</b>



Management’s Discussion and Analysis

Revenues by source for the fiscal years ended June 30, 2018, and 2017, are as follows:



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**Management’s Discussion and Analysis**

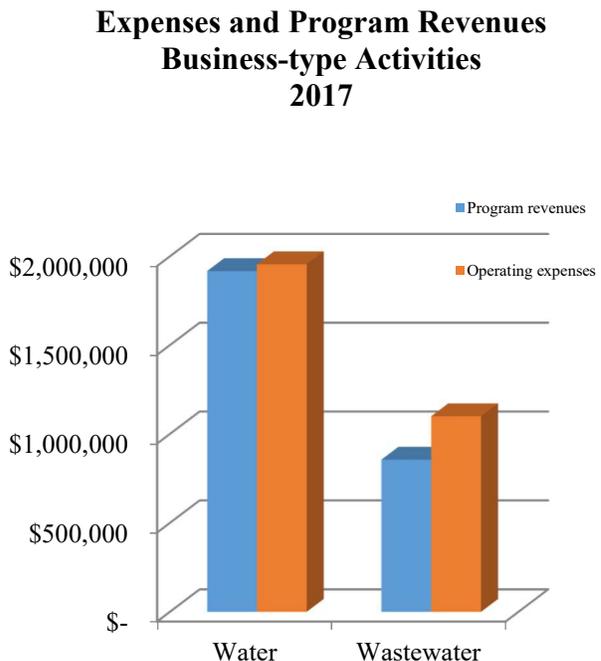
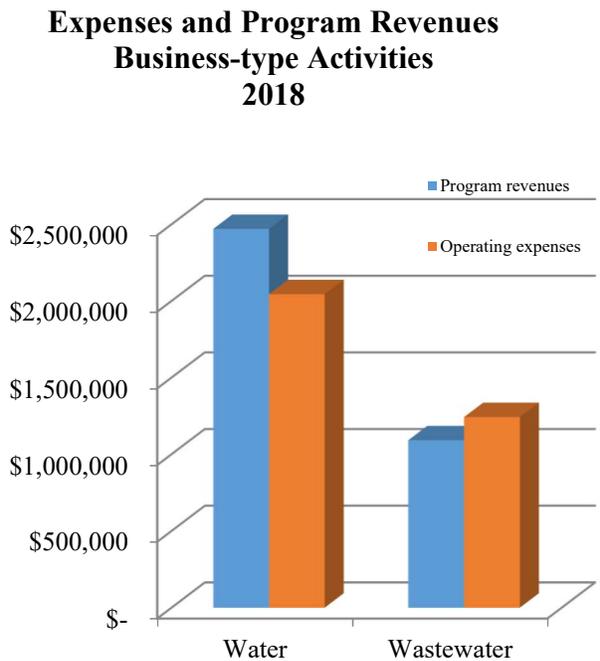
*Business-type activities*

Business-type activities increased the City’s Net Position by \$9,624,196. The City has two business-type activities: Water and Wastewater. Water accounts for 69% of total business-type activity revenue, and Wastewater accounts for 35%.

Total business-type revenues for the Fiscal Year ended June 30, 2018 were \$3,561,895, an increase of \$788,673 from the prior year. Charges for services increased \$790,325, or 29%, due to water and sewer rate increases that became effective in November 2017. The increase for charges for current services for the Water and Sewer Fund was \$554,639 and \$235,686, respectively. Other operating revenue decreased by \$1,652. Revenue from grants and contributions totaled \$295,197, an increase \$70,290, due to the continued receipt of Water and Sewer Connection Fees from the new housing development.

Expenses of the business-type activities for the Fiscal Year ended June 30, 2018, totaled \$3,179,422, an increase of \$123,748 from the prior year. Of the total increase in expenses from the prior year, Water Fund expenses increased \$30,922 (1.6%), and Sewer Fund expense increased \$92,826 (8.4%). The majority of the increase in expenses is due to repair and maintenance of the Water Treatment Plant and Wastewater Treatment Plant.

The expenses and program revenues summary for the business-type activities for the fiscal year ended June 30, 2018, and 2017, are as follows:



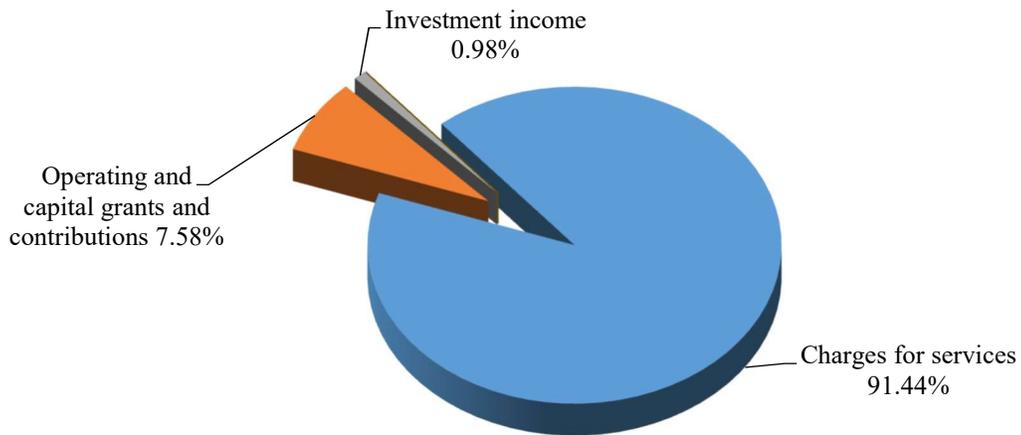
**City of Buellton, California**  
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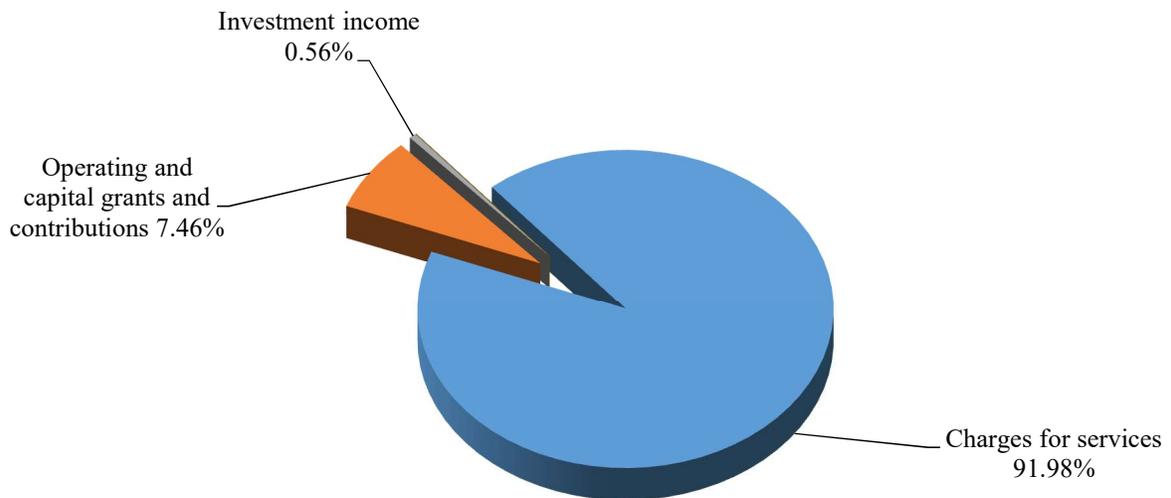
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The revenues by source for the business-type activities for the fiscal years ended June 30, 2018, and 2017, are as follows:

**Revenues by Source - Business-type Activities**  
**2018**



**Revenues by Source - Business-type Activities**  
**2017**



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**FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

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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 June 30, 2018, the City of Buellton's governmental funds reported combined ending fund balances of \$9,585,451 an increase of \$1,242,297 in comparison with the prior fiscal year. This increase is due to greater property tax revenue associated from new residential and commercial development. A new hotel opened at the end of fiscal year FY 16/17 which contributed to the increase in transient occupancy tax.

Approximately 85 percent of this total amount (\$8,182,399) constitutes unassigned fund balance. The remainder of fund balance is "non-spendable," 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 (\$117,754) and restricted by other parties for a specific purpose (\$1,285,298).

The General Fund is the chief operating fund of the City of Buellton. The total fund balance in the general fund is \$8,427,913, of which \$8,311,826 is shown as "unassigned." As a measure of liquidity, both unassigned fund balance and total fund balances can be compared to total fund expenditures. Unassigned fund balance represents 144% of total General Fund expenditures of \$5,755,907. The City Council policy goal is to have reserves of at least 25 percent of budgeted operating expenditures, which means the City's unrestricted fund balance is above policy goal.

The fund balance of the City of Buellton's General Fund increased by \$1,462,636 during the current fiscal year. Key factors in this increase are as follows:

- Property taxes were higher by \$152,617 (11.8%), due to the growth in property values and addition of new residential and commercial properties.
- Transient Occupancy Tax (TOT) was higher by \$893,336 due to increased tourism during the Spring and Summer and from the addition of a new hotel.
- Expenditure decrease of \$585,565 primarily due to a decrease in capital outlay and savings in General Government.

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*Proprietary funds*

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

Unrestricted Net Position of the water fund at the end of the fiscal year amounted to \$3,135,693 and those for the wastewater fund amounted to \$1,182,923. The total change in unrestricted Net Position for both funds were \$716,934 and -\$113,693 respectively. The overall change in net position is primarily attributable to an increase in water and sewer revenues derived from a rate increase. The decrease in net position for the Wastewater Fund is attributed to the sewer collection clean-up project and Sewer Plant repairs.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

In fiscal year 2018, appropriation changes between the original and final budgets amounted to a net decrease of \$30,309 for the General Fund. The General Fund experienced slight decreases in various revenue streams while expenditure savings within the General Fund departments offset shortfalls. Other key revenue streams exceeded budget causing the General Fund budget to experience a balanced budget. Following is a summary of General Fund Budget variances for the period ending June 30, 2018.

<b>SUMMARY OF GENERAL FUND BUDGET VARIANCES</b>				
	Budgeted Amounts		Actual Amounts	Variance from Final Budget
	Original Budget	Final Budget		
<b>Revenues:</b>				
Taxes	\$ 5,707,500	\$ 5,707,500	\$ 6,907,807	\$ 1,200,307
Licenses, Permits, Fees	10,500	10,500	9,150	(1,350)
Intergovernmental	532,200	532,200	465,154	(67,046)
Charges for Services	193,745	193,745	236,551	42,806
Fines and forfeitures	20,700	20,700	23,097	2,397
Use of money and property	118,000	118,000	155,388	37,388
Other revenues	30,000	30,000	8,155	(21,845)
<b>Total Revenues</b>	<b>6,612,645</b>	<b>6,612,645</b>	<b>7,805,302</b>	<b>1,192,657</b>
<b>Expenditures:</b>				
General Government	1,733,631	1,736,331	1,588,688	147,643
Community Development	344,092	344,478	330,000	14,478
Cultural and leisure	678,319	704,228	691,949	12,279
Public Safety	2,146,260	2,146,260	1,919,643	226,617
Public Works	1,303,754	1,305,068	1,186,985	118,083
Capital Outlay	59,500	59,500	30,947	28,553
Debt Service:				
Principal			6,820	(6,820)
Interest			875	(875)
<b>Total Expenditures</b>	<b>6,265,556</b>	<b>6,295,865</b>	<b>5,755,907</b>	<b>539,958</b>
Excess of Revenues over(under expenditures)	<u>347,089</u>	<u>316,780</u>	<u>2,049,395</u>	<u>1,732,615</u>
<b>Other Financing Sources:</b>				
Proceeds from Capital lease			21,400	21,400
Transfers Out	(1,133,500)	(1,133,500)	(608,159)	525,341
<b>Total other financing sources</b>	<b>(1,133,500)</b>	<b>(1,133,500)</b>	<b>(586,759)</b>	<b>546,741</b>
<b>Net change in Fund Balance</b>	<b><u>\$ (786,411)</u></b>	<b><u>\$ (816,720)</u></b>	<b><u>\$ 1,462,636</u></b>	<b><u>\$ 2,279,356</u></b>

**City of Buellton, California**  
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**CAPITAL ASSETS**

The City of Buellton's investment in capital assets for its governmental and business-type activities as of June 30, 2018, amounts to \$25,474,526 (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 \$327,880. Of the total decrease, governmental activities showed an increase of \$666,328, resulting from an increase in net depreciable capital assets. Business-type activities decreased by \$338,448 due to a decrease in net depreciable capital assets caused by a prior-year adjustment to correct an overstatement of capital assets and depreciation expense greater than capital additions.

	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Land	\$ 1,827,166	\$ 1,827,166	\$ 247,691	\$ 247,691	\$ 2,074,857	\$ 2,074,857
Total Nondepreciable Capital Assets	1,827,166	1,827,166	247,691	247,691	2,074,857	2,074,857
Buildings and improvements	5,896,731	5,829,209	574,387	574,387	6,471,118	6,403,596
Equipment	672,095	632,269	905,220	897,367	1,577,315	1,529,636
Infrastructure	18,658,272	17,604,230	12,703,866	12,570,229	31,362,138	30,174,459
Total Depreciable Capital Assets	25,227,098	24,065,708	14,183,473	14,041,983	39,410,571	38,107,691
Less: Accumulated Depreciation	6,885,318	6,390,256	9,125,584	8,645,646	16,010,902	15,035,902
Net Depreciable Capital Assets	18,341,780	17,675,452	5,057,889	5,396,337	23,399,669	23,071,789
Net Capital Assets	\$ 20,168,946	\$ 19,502,618	\$ 5,305,580	\$ 5,644,028	\$ 25,474,526	\$ 25,146,646

More detail of the capital assets and current activity can be found in the notes to the financial statements on Page 36 for significant accounting policies and Note 3 on Page 47 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.

**ECONOMIC OUTLOOK**

- The City completed 2017-18 with better operating financial results in some categories than expected when the 2017-18 Adopted Budget was developed. The City finished the year exceeding budgeted revenues in the categories of Taxes, Use of Money and Charges for Current Services.

**City of Buellton, California**  
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- The General Fund cash reserves were \$7,475,802 and revenues exceeded expenditures in the 2017-18 budget by \$316,780.
- The City's sales tax revenues are expected to grow at a steady pace. Buellton's top sales tax categories are: Auto and Transportation, Fuel/Service Station and Restaurants and Hotels. External factors that can impact future sales tax revenue are increased interest rates, and higher gas tax derived from SB-1.
- Development continues to grow and new proposed projects consist of multi-family residences, mixed-use buildings, commercial and industrial spaces. These projects have the opportunity to increase the City's property value and generate additional property tax and sales tax.
- The City invested in additional Certificate of Deposits (CDs) for the opportunity to gain an advantage of the high interest being paid by CDs. This will allow the City to earn the best interest of its idle money.
- The City Council approved utility rate increases to address maintenance and capital needs. Financial viability of the water and wastewater fund was a key factor in their decision. The effective date of the increase was November 2016 with two additional rate increase stages. The next rate became effective November 1, 2017, and the last increase occurred on July 1, 2018. Revenue from these rate increases are expected to reverse the deficits the Enterprise Funds have experienced in the past decade.
- Quarterly reports to support the financial management of City resources continue to provide information to the City Council and public. 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. Modifications to the original budget take place each quarter as needed.
- The General Fund ended the 2017-18 fiscal year with a fund balance of \$8,427,913. Operating expenditures approved in 2018-19 budget amount to \$6,370,555. The result is a coverage ratio of about 109%. 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, 2018**

**Management’s Discussion and Analysis**

**NEXT YEAR’S BUDGETED APPROPRIATIONS**

The adopted budget for all City funds for the new fiscal year of 2018-2019 is \$15,338,050. The adopted budget for fiscal year 2017-18 totals \$14,533,218 and is summarized, with CIP expenditures shown in the Citywide CIP row of the chart below for consistent comparison as follows:

	FY 2018-19	FY 2017-18	Amount Change	Percentage Change
General fund	\$ 6,455,721	\$ 6,265,556	\$ 190,165	3.0%
Water & Sewer Funds	4,679,599	4,351,063	328,536	7.6%
Citywide CIP Fund	3,953,170	3,578,500	374,670	10.5%
Special revenue funds	249,560	233,100	16,460	7.1%
<b>Total budget</b>	<b>\$ 15,338,050</b>	<b>\$ 14,428,219</b>	<b>\$ 909,831</b>	<b>6.3%</b>

1. General Fund – Shows an increase of about 3.0 percent from the prior fiscal year. Savings from the new contract for police service through the Santa Barbara County offset the funding for the new Planning Director Position. Savings from other budget categories allowed for expenditures in other departments.
2. Water & Sewer Funds – Shows an increase of about \$328,536 or 7.6 percent increase. The increase is due to additional costs related to the increase in state water costs and transfers to the Water and Wastewater Capital Funds for Capital Improvement programs such as water and waste water treatment plant facility improvements, water treatment plant booster power reliability, water meter upgrades, water distribution system improvements, sewer collection system cleaning, and sewer line replacement.
3. Citywide Capital Improvement Program (CIP) Fund – The CIP Fund expenditures relate to Capital Improvements. CIP fund shows an increase of \$374,670 or 10.5 percent. The majority of the increase is attributed to the additional \$250,000 budgeted for the initial implementation stages of the Avenue of Flags Specific Plan. The additional difference is due to the planned storm drain inlet and catch basin retro fit improvement which is budgeted at \$150,000. A combined project summary of circulation improvements, water and sewer facilities, water reservoirs, water recycling, road maintenance, parks and maintenance projects are scheduled in 2018-19.
4. Special Revenue Funds – Show an increase of \$16,460 or approximately 7.1 percent. The increase is due to planned road maintenance costs to repair city roads with money received from SB 1.

**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](http://www.cityofbuellton.com).

**CITY OF BUELLTON**  
**STATEMENT OF NET POSITION**  
June 30, 2018

	<b>Governmental</b>	<b>Business-type</b>	<b>Total</b>
	<b>Activities</b>	<b>Activities</b>	
<b>ASSETS</b>			
Cash and investments	\$ 8,825,096	\$ 3,911,579	\$ 12,736,675
Accounts receivable, net	1,033,220	328,073	1,361,293
Interest receivable	26,421	11,730	38,151
Inventory		34,282	34,282
Prepaid items	117,754	1,054,782	1,172,536
Capital assets:			
Non Depreciable:			
Land	1,827,166	247,691	2,074,857
Depreciable:			
Buildings and improvements	5,896,731	574,387	6,471,118
Equipment	672,095	905,220	1,577,315
Infrastructure	18,658,272	12,703,866	31,362,138
Accumulated depreciation	(6,885,318)	(9,125,584)	(16,010,902)
<b>Total assets</b>	<b>30,171,437</b>	<b>10,646,026</b>	<b>40,817,463</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred pension	517,396	326,256	843,652
Deferred OPEB	38,867	18,658	57,525
<b>Total deferred outflows of resources</b>	<b>556,263</b>	<b>344,914</b>	<b>901,177</b>
<b>LIABILITIES</b>			
Accounts payable	271,234	88,382	359,616
Accrued wages	82,723	13,610	96,333
Deposits	63,083	27,965	91,048
Noncurrent liabilities:			
Due within one year	25,079	6,809	31,888
Due in more than one year	2,808,886	1,189,487	3,998,373
<b>Total liabilities</b>	<b>3,251,005</b>	<b>1,326,253</b>	<b>4,577,258</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred pension	225,775	40,491	266,266
<b>Total deferred inflows of resources</b>	<b>225,775</b>	<b>40,491</b>	<b>266,266</b>
<b>NET POSITION</b>			
Net investment in capital assets	20,140,218	5,305,580	25,445,798
Restricted for:			
Housing	479,113		479,113
Streets and roads	807,852		807,852
Unrestricted	5,823,737	4,318,616	10,142,353
<b>Total net position</b>	<b>\$ 27,250,920</b>	<b>\$ 9,624,196</b>	<b>\$ 36,875,116</b>

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

**CITY OF BUELLTON**  
**STATEMENT OF ACTIVITIES**  
For the Fiscal Year Ended June 30, 2018

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Contributions and Grants</u>	<u>Capital Contributions and Grants</u>
Governmental activities:				
General government	\$ 1,703,992	\$ -	\$ -	\$ -
Community development	342,972		5,000	
Cultural and leisure	796,225	236,551		
Public safety	1,919,643			
Public works	1,717,639		998,979	
Interest on long-term debt	875			
Total governmental activities	<u>6,481,346</u>	<u>236,551</u>	<u>1,003,979</u>	
Business-type activities:				
Water	1,986,774	2,470,525		181,845
Wastewater	<u>1,192,648</u>	<u>1,091,370</u>		<u>113,352</u>
Total business-type activities	<u>3,179,422</u>	<u>3,561,895</u>		<u>295,197</u>
Total	<u>\$ 9,660,768</u>	<u>\$ 3,798,446</u>	<u>\$ 1,003,979</u>	<u>\$ 295,197</u>

General Revenues

Taxes:

- Property taxes
- Sales and use taxes
- Transient lodging tax
- Franchise taxes
- Other taxes

- Fines and forfeitures
- Investment income
- Other general revenues

Total general revenues

Change in net position

Net position, beginning of fiscal year

Prior-period adjustment

Net position, July 1, restated

Net position, end of fiscal year

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

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

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (1,703,992)	\$ -	\$ (1,703,992)
(337,972)		(337,972)
(559,674)		(559,674)
(1,919,643)		(1,919,643)
(718,660)		(718,660)
(875)		(875)
<u>(5,240,816)</u>		<u>(5,240,816)</u>
	665,596	665,596
	12,074	12,074
	<u>677,670</u>	<u>677,670</u>
<u>(5,240,816)</u>	<u>677,670</u>	<u>(4,563,146)</u>
1,450,412		1,450,412
2,342,222		2,342,222
2,832,056		2,832,056
250,259		250,259
32,858		32,858
23,097		23,097
169,108	38,315	207,423
8,155		8,155
<u>7,108,167</u>	<u>38,315</u>	<u>7,146,482</u>
<u>1,867,351</u>	<u>715,985</u>	<u>2,583,336</u>
25,321,406	9,359,403	34,680,809
<u>62,163</u>	<u>(451,192)</u>	<u>(389,029)</u>
<u>25,383,569</u>	<u>8,908,211</u>	<u>34,291,780</u>
<u>\$ 27,250,920</u>	<u>\$ 9,624,196</u>	<u>\$ 36,875,116</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.
Transportation Planning Special Revenue Fund	Accounts for funds used in the planning for transportation projects restricted by other governments.
Capital Improvement Project Fund	Accounts for capital improvement projects by centralizing project expenditures. Projects are tracked and managed for the purposes of planning, scheduling, and budgeting capital improvements.

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**CITY OF BUELLTON**  
**GOVERNMENTAL FUNDS**  
**BALANCE SHEET**  
June 30, 2018

	General Fund	Transportation Planning Special Revenue Fund	Capital Improvement Project Fund	Other Governmental Funds	Totals
<b>ASSETS</b>					
Cash and investments	\$ 7,475,802	\$ 29,062	\$ 43,452	\$ 1,276,780	\$ 8,825,096
Accounts receivable	1,004,405	17,944		10,871	1,033,220
Interest receivable	22,404	95		3,922	26,421
Due from other funds	162,616				162,616
Prepaid items	116,087			1,667	117,754
<b>Total assets</b>	<b>\$ 8,781,314</b>	<b>\$ 47,101</b>	<b>\$ 43,452</b>	<b>\$ 1,293,240</b>	<b>\$ 10,165,107</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 207,595	\$ 13,912	\$ 43,452	\$ 6,275	\$ 271,234
Accrued wages and benefits	82,723				82,723
Deposits	63,083				63,083
Due to other funds		162,616			162,616
<b>Total liabilities</b>	<b>353,401</b>	<b>176,528</b>	<b>43,452</b>	<b>6,275</b>	<b>579,656</b>
Fund Balances:					
Nonspendable:					
Prepaid items	116,087			1,667	117,754
Restricted:					
Housing				479,113	479,113
Streets, roads, and transportation				806,185	806,185
Unassigned	8,311,826	(129,427)			8,182,399
<b>Total fund balances</b>	<b>8,427,913</b>	<b>(129,427)</b>		<b>1,286,965</b>	<b>9,585,451</b>
<b>Total liabilities and fund balances</b>	<b>\$ 8,781,314</b>	<b>\$ 47,101</b>	<b>\$ 43,452</b>	<b>\$ 1,293,240</b>	<b>\$ 10,165,107</b>

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

**CITY OF BUELLTON**

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

June 30, 2018

Total fund balances - governmental funds \$ 9,585,451

In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation.

Capital assets at historical cost	\$ 27,054,264
Accumulated depreciation	<u>(6,885,318)</u>

Net 20,168,946

Long-term liabilities: In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported.

Long-term liabilities relating to governmental activities consist of:

Compensated absences payable	\$ 104,559
Capital leases payable	28,728
OPEB liability	1,155,076
Net pension liability	<u>1,545,602</u>

Total (2,833,965)

In governmental funds, deferred outflows and inflows of resources relating to pensions and OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions and OPEB are reported.

Deferred outflows of resources relating:

to pensions	517,396
to OPEB	38,867

Deferred inflows of resources relating:

to pensions	<u>(225,775)</u>
-------------	------------------

330,488

Total net position - governmental activities \$ 27,250,920

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

**CITY OF BUELLTON**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
For the Fiscal Year Ended June 30, 2018

	General Fund	Transportation Planning Special Revenue Fund	Capital Improvement Project Fund	Nonmajor Governmental Funds	Totals
<b>Revenues:</b>					
Taxes	\$ 6,907,807	\$ -	\$ -	\$ -	\$ 6,907,807
Licenses, permits, and fees	9,150			17,236	26,386
Intergovernmental	465,154	17,944		494,495	977,593
Charges for services	236,551				236,551
Fines and forfeitures	23,097				23,097
Use of money and property	155,388	150		13,570	169,108
Other	8,155				8,155
<b>Total revenues</b>	<b>7,805,302</b>	<b>18,094</b>		<b>525,301</b>	<b>8,348,697</b>
<b>Expenditures:</b>					
General government	1,588,688				1,588,688
Community development	330,000			2,000	332,000
Cultural and leisure	691,949				691,949
Public safety	1,919,643				1,919,643
Public works	1,186,985	40,415		129,729	1,357,129
Capital outlay	30,947		1,199,749		1,230,696
Debt Service:					
Principal	6,820				6,820
Interest	875				875
<b>Total expenditures</b>	<b>5,755,907</b>	<b>40,415</b>	<b>1,199,749</b>	<b>131,729</b>	<b>7,127,800</b>
Excess of revenues over (under) expenditures	2,049,395	(22,321)	(1,199,749)	393,572	1,220,897
<b>Other financing sources (uses):</b>					
Proceeds from capital lease	21,400				21,400
Transfers in		25,000	1,199,749	164,100	1,388,849
Transfers out	(608,159)			(780,690)	(1,388,849)
<b>Total other financing sources (uses)</b>	<b>(586,759)</b>	<b>25,000</b>	<b>1,199,749</b>	<b>(616,590)</b>	<b>21,400</b>
Net change in fund balances	1,462,636	2,679		(223,018)	1,242,297
Fund balances - July 1	6,965,277	(132,106)		1,509,983	8,343,154
Fund balances - June 30	<u>\$ 8,427,913</u>	<u>\$ (129,427)</u>	<u>\$ -</u>	<u>\$ 1,286,965</u>	<u>\$ 9,585,451</u>

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

**CITY OF BUELLTON**  
**RECONCILIATION OF THE STATEMENT OF**  
**REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF**  
**GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
For the Fiscal Year Ended June 30, 2018

Total net change in fund balances - governmental funds	\$ 1,242,297
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which additions to capital outlay of \$1,230,696 exceed depreciation expense (\$498,307).	732,389
In the statement of activities, compensated absences are measured by the amounts earned during the fiscal year. In governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially the amounts paid). This fiscal year, vacation used exceeded the amounts earned by \$3,683.	3,683
In governmental funds, OPEB costs are recognized when employer contributions are made. In the statement of activities, OPEB costs are recognized on the accrual basis. This fiscal year, the difference between accrual-basis OPEB costs and actual employer contribution was:	(105,099)
In governmental funds, proceeds from debt are recognized as other financing sources. In the government-wide statements, proceeds from debt are reported as increases to liabilities. Amounts recognized in governmental funds as proceeds from debt, net of issue premium or discount, was:	(21,400)
In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayments of long-term debt are reported as reductions of liabilities.	6,820
In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was:	8,661
Changes in net position - governmental activities	<u>\$ 1,867,351</u>

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

## 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**  
**PROPRIETARY FUNDS**  
**STATEMENT OF NET POSITION**  
June 30, 2018

	Water Fund	Wastewater Fund	Totals
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$ 2,368,188	\$ 1,543,391	\$ 3,911,579
Accounts receivable, net	220,132	107,941	328,073
Interest receivable	7,094	4,636	11,730
Inventory	34,282		34,282
Prepaid items	1,028,749	26,033	1,054,782
Total current assets	<u>3,658,445</u>	<u>1,682,001</u>	<u>5,340,446</u>
Capital assets:			
Land	247,691		247,691
Buildings and improvements	574,387		574,387
Equipment	430,082	475,138	905,220
Infrastructure	6,516,997	6,186,869	12,703,866
	<u>7,769,157</u>	<u>6,662,007</u>	<u>14,431,164</u>
Less accumulated depreciation	(4,620,051)	(4,505,533)	(9,125,584)
Total capital assets (net of accumulated depreciation)	<u>3,149,106</u>	<u>2,156,474</u>	<u>5,305,580</u>
Total assets	<u>6,807,551</u>	<u>3,838,475</u>	<u>10,646,026</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred pension	166,965	159,291	326,256
Deferred OPEB	9,334	9,324	18,658
Total deferred outflows of resources	<u>176,299</u>	<u>168,615</u>	<u>344,914</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	45,913	42,469	88,382
Accrued wages and benefits	6,805	6,805	13,610
Deposits	27,965		27,965
Debt due within one year	3,405	3,404	6,809
Total current liabilities	<u>84,088</u>	<u>52,678</u>	<u>136,766</u>
Noncurrent liabilities:			
Compensated absences	13,617	13,617	27,234
OPEB payable	277,401	277,087	554,488
Net pension liability	303,711	304,054	607,765
Total noncurrent liabilities	<u>594,729</u>	<u>594,758</u>	<u>1,189,487</u>
Total liabilities	<u>678,817</u>	<u>647,436</u>	<u>1,326,253</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred pension	20,234	20,257	40,491
Total deferred inflows of resources	<u>20,234</u>	<u>20,257</u>	<u>40,491</u>
<b>NET POSITION</b>			
Net investment in capital assets	3,149,106	2,156,474	5,305,580
Unrestricted	3,135,693	1,182,923	4,318,616
Total net position	<u>\$ 6,284,799</u>	<u>\$ 3,339,397</u>	<u>\$ 9,624,196</u>

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

**CITY OF BUELLTON**  
**PROPRIETARY FUNDS**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
For the Fiscal Year Ended June 30, 2018

	Water Fund	Wastewater Fund	Totals
<b>Operating Revenues:</b>			
Charges for services	\$ 2,465,612	\$ 1,091,370	\$ 3,556,982
Other operating revenues	4,913		4,913
Total operating revenues	<u>2,470,525</u>	<u>1,091,370</u>	<u>3,561,895</u>
<b>Operating Expenses:</b>			
Personnel services	347,134	346,443	693,577
Operations and maintenance	1,429,675	579,398	2,009,073
Depreciation	209,965	266,807	476,772
Total operating expenses	<u>1,986,774</u>	<u>1,192,648</u>	<u>3,179,422</u>
Operating income (loss)	<u>483,751</u>	<u>(101,278)</u>	<u>382,473</u>
<b>Non-Operating Revenues (Expenses):</b>			
Interest income	23,605	14,710	38,315
Total non-operating revenues (expenses)	<u>23,605</u>	<u>14,710</u>	<u>38,315</u>
Income (loss) before capital contributions	<u>507,356</u>	<u>(86,568)</u>	<u>420,788</u>
<b>Capital Contributions:</b>			
Capital impact fees	181,845	113,352	295,197
Total capital contributions	<u>181,845</u>	<u>113,352</u>	<u>295,197</u>
Change in net position	<u>689,201</u>	<u>26,784</u>	<u>715,985</u>
Net position, July 1	5,786,083	3,573,320	9,359,403
Prior-period adjustment	<u>(190,485)</u>	<u>(260,707)</u>	<u>(451,192)</u>
Net position, July 1, restated	<u>5,595,598</u>	<u>3,312,613</u>	<u>8,908,211</u>
Net position, June 30	<u>\$ 6,284,799</u>	<u>\$ 3,339,397</u>	<u>\$ 9,624,196</u>

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

**CITY OF BUELLTON**  
**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**  
For the Fiscal Year Ended June 30, 2018

	Water Fund	Wastewater Fund	Totals
<b>Cash Flows From Operating Activities:</b>			
Receipts from customers	\$ 2,453,373	\$ 1,075,666	\$ 3,529,039
Payments to suppliers	(1,487,433)	(608,413)	(2,095,846)
Payments to employees	(318,432)	(318,495)	(636,927)
Net cash provided by operating activities	<u>647,508</u>	<u>148,758</u>	<u>796,266</u>
<b>Cash Flows From Capital and Related Financing Activities:</b>			
Acquisition of capital assets		(225,325)	(225,325)
Capital contributions	181,845	113,352	295,197
Net cash provided (used) by capital and related financing activities	<u>181,845</u>	<u>(111,973)</u>	<u>69,872</u>
<b>Cash Flows From Investing Activities:</b>			
Interest income	18,870	12,539	31,409
Net cash provided by investing activities	<u>18,870</u>	<u>12,539</u>	<u>31,409</u>
Net increase in cash and cash equivalents	848,223	49,324	897,547
Cash and cash equivalents - July 1	1,519,965	1,494,067	3,014,032
Cash and cash equivalents - June 30	<u>\$ 2,368,188</u>	<u>\$ 1,543,391</u>	<u>\$ 3,911,579</u>
<b>Reconciliation of operating (loss) to net cash provided (used) by operating activities:</b>			
Operating income (loss)	\$ 483,751	\$ (101,278)	\$ 382,473
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation expense	209,965	266,807	476,772
Change in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:			
Receivables, net	(18,887)	(15,704)	(34,591)
Prepaid expenses	(82,380)	(25,433)	(107,813)
Inventories	18,768		18,768
Accounts and other payables	5,854	(3,582)	2,272
Accrued wages and benefits	(3,335)	(3,698)	(7,033)
Deposits	1,735		1,735
Compensated absences	8,500	8,137	16,637
OPEB payable	26,629	26,599	53,228
Deferred outflows of resources	(113,458)	(103,002)	(216,460)
Net pension liability	119,443	110,451	229,894
Deferred inflows of resources	(9,077)	(10,539)	(19,616)
Net cash provided by operating activities	<u>\$ 647,508</u>	<u>\$ 148,758</u>	<u>\$ 796,266</u>

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

## FIDUCIARY FUND

Fund	Description
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**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**AGENCY FUND**  
**June 30, 2018**

	<u>Deposits</u> <u>Agency Fund</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 231,692
Interest receivable	<u>694</u>
Total assets	<u><u>\$ 232,386</u></u>
<b>Liabilities</b>	
Refundable deposits and accruals	<u>\$ 232,386</u>
Total liabilities	<u><u>\$ 232,386</u></u>

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

**NOTES TO THE FINANCIAL STATEMENTS**

**CITY OF BUELLTON**

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For the year ended June 30, 2018

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**CITY OF BUELLTON**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. Reporting Entity

The reporting entity is the City of Buellton. There are no component units included in this report that meet the reporting entity definition criteria of GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, GASB Statement No. 61, and GASB Statement No. 80. 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.

B. Basis of Presentation

The City's basic financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America.

*Government-wide Statements*

The Statement of Net Position and the Statement of Activities display information about the primary government (the City) and its component unit. These statements include the financial activities of the overall City government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Government activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational needs of a program, and (c) fees, grants, and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

*Fund Financial Statements*

The fund financial statements provide information about the City's funds. Separate statements for each fund category—*governmental, proprietary and fiduciary*—are presented. The emphasis of fund financial statements is on major individual funds, each of which is displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Net Position, and a Statement of Cash Flows for all proprietary funds.

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

**CITY OF BUELLTON**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

B. Basis of Presentation (Continued)

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

Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. Fiduciary funds use the full accrual basis of accounting for reporting receivables and payables. Fiduciary funds are reported in the fund financial statements but are not included for government-wide reporting purposes.

C. Major Funds

GASB Statement No. 34 defines major funds and requires that the City's major funds are identified and presented separately in the fund financial statements. All other funds, called non-major funds, are combined and reported in a single column in the Fund Statements as Other Governmental Funds, regardless of their fund-type.

Major funds are defined as funds that have either assets, liabilities, revenues, or expenditures/expenses equal to ten percent of their fund-type total. The General Fund is always a major fund. The City may also voluntarily select other funds it believes should be presented as major funds.

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

*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.

*Transportation Planning Special Revenue Fund* – Accounts for revenue used in the planning for transportation projects restricted by other governments. Funds are a State grant derived from a 1/4-cent share of retail sales tax collected statewide.

*Capital Improvement Project Fund* – Accounts for capital improvement projects by centralizing project expenditures. Projects are tracked and managed for the purposes of planning, scheduling, and budgeting capital improvements.

The City reported the following major proprietary funds:

*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.

*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.

**CITY OF BUELLTON**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

C. Major Funds (Continued)

The City reported the following fiduciary fund:

*Deposits Agency Fund* – Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. They are accounted for using the accrual basis of accounting. This fund accounts for the various deposits that are held on behalf of the City for various specific projects or programs.

D. Basis of Accounting

The government-wide, proprietary funds, and the fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *full accrual basis* of accounting. Revenues are recorded when *earned* and expenses are recorded at the time liabilities are *incurred*, regardless of when the related cash flows take place.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

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

Capital asset acquisitions are reported as *expenditures* in governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as *other financing sources*.

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

Other revenues susceptible to accrual include other taxes, intergovernmental revenues, interest, and charges for services.

Grant revenues are recognized in the fiscal year in which all eligibility requirements are met. Under the terms of grant agreements, the City may fund certain programs with a combination of cost-reimbursement grants, categorical block grants, and general revenues. Thus, both restricted and unrestricted net assets may be available to finance program expenditures/expenses. The City's policy is to first apply restricted grant resources to such programs, followed by general revenues, if necessary.

**CITY OF BUELLTON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

E. 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 voters' 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 or new construction 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	July 1
Due Dates	November 1 (50%) February 1 (50%)	August 1
Delinquency Dates	December 10 (Nov.) April 10 (Feb.)	August 31

F. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenditures or expenses as appropriate. Actual results could differ from those estimates.

G. 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.

**CITY OF BUELLTON**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

H. 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.

I. Capital Assets

Capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets, donated works of art and similar items, and capital assets received in a service concession arrangement are valued at their acquisition value. City policy is to capitalize all capital assets with costs exceeding a minimum threshold of \$5,000 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.

J. 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.

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

**CITY OF BUELLTON**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

J. Long-term Liabilities (Continued)

discounts on debt issuance are 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.

K. 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 governmentwide 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.

L. Unearned Revenue

Unearned revenue arises when assets are received before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as unearned revenue.

M. Deferred Outflows and Inflows of Resources

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

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. A deferred outflow of resources is defined as a consumption of net position by the government that is applicable to a future reporting period. The City has two items that qualify for reporting in this category; refer to Note 9 and Note 10 for detailed listing of the deferred outflows of resources the City has reported.

In addition to liabilities, the Statement of Net Position and the Governmental Funds – Balance Sheet will sometimes report a separate section for deferred inflows of resources. A deferred inflow of resources is defined as an acquisition of net position by the City that is applicable to a future reporting period. The City has one item that qualifies for reporting in this category; refer to Note 9 for detailed listing of the deferred inflows of resources the City has reported.

**CITY OF BUELLTON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

N. Pensions

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

O. Other Postemployment Benefits (OPEB)

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

P. Fund Balances

Fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance – represents amounts that cannot be spent because they are either not in spendable form (such as inventory or prepaid insurance) or are legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance – represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance – represents amounts that can only be used for a specific purpose because of a formal action by the City's governing board. Committed amounts cannot be used for any other purpose unless the governing board removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the governing board. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance – represents amounts that the City intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the governing board or by an official or body to which the governing board delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service, or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purpose of the City.

Unassigned Fund Balance – represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

When an expenditure is incurred for a purpose for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

**CITY OF BUELLTON**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Q. Net Position

GASB Statement No. 63 requires that the difference between assets added to the deferred outflows of resources, and liabilities added to the deferred inflows of resources, be reported as net position. Net position is classified as either net investment in capital assets, restricted, or unrestricted.

Net position that is net investment in capital assets, consists of capital assets, net of accumulated depreciation, and reduced by the outstanding principal of related debt. Restricted net position is the portion of net position that has external constraints placed on it by creditors, grantors, contributors, laws, or regulations of other governments, or through constitutional provisions or enabling legislations. Unrestricted net position consists of net position that does not meet the definition of net investment in capital assets or restricted net position.

R. 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.”

S. Budgetary Accounting

The City Council establishes budgets for the General Fund and all Special Revenue Funds, except for certain Special Revenue Funds for which expenditures are controlled by grant funding or by assessments received. Budgetary control is legally maintained at the fund level for these funds. Department heads submit budget requests to the City Manager. The City Manager prepares an estimate of revenues and prepares recommendations for the next year’s budget. The preliminary budget may or may not be amended by the City Council and is adopted by resolution by the City Council on or before June 30 in accordance with the municipal code. The City Council may amend the budget by motion during the fiscal year. Only the Council can authorize transfers between funds and approve inter-fund loans. The City Manager is authorized to transfer budgeted amounts within a fund without formal council action or approval. The City Manager is authorized to increase expenditures in relation to revenues in funds receiving assigned revenues without approval by the City Council.

Expenditures may not legally exceed appropriations at the fund level, which is the legal level of control. Supplemental appropriations, which increase appropriations, may be made during the fiscal year. There were no material supplemental appropriations made for the fiscal year ended June 30, 2018. Budget information is presented for the General and budgeted Special Revenue Funds in the fund financial statements. The budget information is presented on a basis consistent with generally accepted accounting principles. Appropriations, except open project appropriations, and unexpended grant appropriations, lapse at the end of each fiscal year.

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, 2018, 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.

**CITY OF BUELLTON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

T. New Accounting Pronouncements

For the fiscal year ended June 30, 2018, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions." This Statement is effective for periods beginning after June 15, 2017. The objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions. Implementation of the GASB Statements No. 75 and the impact on the City's financial statements are explained in Note 10 - Postemployment Health Care Benefits and Note 14 – Prior-period Adjustments and Restatements.

U. Future Accounting Pronouncements

Statement No. 83	"Certain Asset Retirement Obligations"	The provisions of this statement are effective for fiscal years beginning after June 15, 2018.
Statement No. 84	"Fiduciary Activities"	The provisions of this statement are effective for fiscal years beginning after December 15, 2018.
Statement No. 87	"Leases"	The provisions of this statement are effective for fiscal years beginning after December 15, 2019.
Statement No. 88	"Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements"	The provisions of this statement are effective for fiscal years beginning after June 15, 2018.
Statement No. 89	"Accounting for Interest Cost Incurred Before the End of a Construction Period"	The provisions of this statement are effective for fiscal years beginning after December 15, 2019.
Statement No. 90	"Majority Equity Interests-an Amendment of GASB Statements No. 14 and No. 61"	The provisions of this statement are effective for fiscal years beginning after December 15, 2018.

**NOTE 2 – CASH AND INVESTMENTS**

The composition of cash and investments as of June 30, 2018, is as follows:

Cash on hand	\$ 650
Deposits with financial institutions	3,732,099
Investments	<u>9,235,618</u>
Total cash and investments	<u>\$ 12,968,367</u>

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

Statement of Net Position:	
Cash and investments	\$ 12,736,675
Fiduciary Funds:	
Cash and investments	<u>231,692</u>
Total cash and investments	<u>\$ 12,968,367</u>

**CITY OF BUELLTON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 2 – CASH AND INVESTMENTS (Continued)**

Governmental Accounting Standards Board (GASB) Statement No. 72, “Fair Value Measurements and Application,” provides the framework for measuring fair value. The framework categorizes a fair value hierarchy that is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City has the following recurring fair value measurements as of June 30, 2018:

	Total	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>Investments by fair value</u>				
Debt securities:				
Negotiable certificates of deposit	\$ 841,607	\$ 841,607	\$ -	\$ -
Total investments measured at fair value	841,607	\$ 841,607	\$ -	\$ -
Investments measured at amortized cost:				
LAIF	8,186,378			
Money market funds	207,633			
Total investments	\$ 9,235,618			

**A. Investments Authorized by the California Government Code and the City’s Investment Policy**

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

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Bankers’ Acceptance	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%	None
Money Market Mutual Funds	N/A	20%	10%
Local Agency Investment Fund (LAIF)	N/A	None	None

**B. Disclosures Relating to Interest Rate Risk**

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

**CITY OF BUELLTON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 2 – CASH AND INVESTMENTS (Continued)**

**B. Disclosures Relating to Interest Rate Risk (Continued)**

Information about the sensitivity of the fair values of the City’s investments to market interest rate fluctuations is provided by the following table that shows the distribution of the City’s investments by maturity:

Investment Type	Carrying Amount	Remaining Maturity (in Months)			
		12 Months Or Less	13-24 Months	25-60 Months	More than 60 Months
LAIF	\$ 8,186,378	\$ 8,186,378	\$ -	\$ -	\$ -
Negotiable certificates of deposit	841,607	103,096	200,757	537,754	-
Money market funds	207,633	207,633	-	-	-
Total	\$ 9,235,618	\$ 8,497,107	\$ 200,757	\$ 537,754	\$ -

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by the California Government Code, and the actual rating as of fiscal year end for each investment type.

Investment Type	Carrying Amount	Minimum Legal Rating	Exempt From Disclosure	Rating as of Fiscal Year End	
				AAA	Not Rated
LAIF	\$ 8,186,378	N/A	\$ -	\$ -	\$ 8,186,378
Negotiable certificates of deposit	841,607	N/A	-	-	841,607
Money market funds	207,633	N/A	-	-	207,633
Total	\$ 9,235,618	-	\$ -	\$ -	\$ 9,235,618

**C. Concentration of Credit Risk**

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There are no investments in any one issuer that represents 5% or more of the total City’s investments.

**D. Custodial Credit Risk**

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

None of the City’s deposits with financial institutions in excess of the Federal Depository Insurance Corporation’s limits were held in uncollateralized accounts.

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City’s investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government’s indirect investment in securities through the use of mutual funds or governmental investment pools (such as LAIF).

**CITY OF BUELLTON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 2 – CASH AND INVESTMENTS (Continued)**

**E. Investment in State Investment Pool**

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying basic financial statements at the 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.

**NOTE 3 – CAPITAL ASSETS**

Capital assets activity for the fiscal year ended June 30, 2018, was as follows:

	Balance July, 1 2017	Additions	Deletions	Prior Period Adjustment	Balance June 30, 2018
<b>Governmental Activities</b>					
Nondepreciable capital assets:					
Land	\$ 1,827,166	\$ -	\$ -	\$ -	\$ 1,827,166
Total nondepreciable capital assets	<u>\$ 1,827,166</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,827,166</u>
Depreciable capital assets:					
Buildings and improvements	\$ 5,829,209	\$ 67,522	\$ -	\$ -	\$ 5,896,731
Property and equipment	632,269	39,826			672,095
Infrastructure	17,604,230	1,123,348		(69,306)	18,658,272
Total depreciable capital assets	24,065,708	1,230,696		(69,306)	25,227,098
Less accumulated depreciation	6,390,256	498,307		(3,245)	6,885,318
Net depreciable capital assets	<u>17,675,452</u>	<u>\$ 732,389</u>	<u>\$ -</u>	<u>\$ (66,061)</u>	<u>\$ 18,341,780</u>
Net capital assets	<u>\$ 19,502,618</u>	<u>\$ 732,389</u>	<u>\$ -</u>	<u>\$ (66,061)</u>	<u>\$ 20,168,946</u>
<b>Business-Type Activities</b>					
Nondepreciable capital assets:					
Land	\$ 247,691	\$ -	\$ -	\$ -	\$ 247,691
Total nondepreciable capital assets	<u>\$ 247,691</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 247,691</u>
Depreciable capital assets:					
Buildings and improvements	\$ 574,387	\$ -	\$ -	\$ -	\$ 574,387
Property and equipment	897,367	7,853			905,220
Infrastructure	12,570,229	217,472		(83,835)	12,703,866
Total depreciable capital assets	14,041,983	225,325		(83,835)	14,183,473
Less accumulated depreciation	8,645,646	476,772		3,166	9,125,584
Net depreciable capital assets	<u>\$ 5,396,337</u>	<u>\$ (251,447)</u>	<u>\$ -</u>	<u>\$ (87,001)</u>	<u>\$ 5,057,889</u>
Net capital assets	<u>\$ 5,644,028</u>	<u>\$ (251,447)</u>	<u>\$ -</u>	<u>\$ (87,001)</u>	<u>\$ 5,305,580</u>

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

<b>Governmental Activities:</b>	
General government	\$ 76,434
Cultural and leisure	86,097
Public works	335,776
Total depreciation expense-governmental activities	<u>\$ 498,307</u>
<b>Business-type Activities:</b>	
Water	\$ 209,965
Wastewater	266,807
Total depreciation expense-business-type activities	<u>\$ 476,772</u>

**CITY OF BUELLTON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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**NOTE 4 – LONG-TERM DEBT**

A. Compensated Absences

Governmental Accounting Standards Board Statement No. 16 identifies certain items that should be accrued as a liability as benefits are earned by 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.

The City's employees accumulate earned but unused benefits, which can be converted to cash at termination of employment. The non-current portion of these vested benefits, payable in accordance with various collective bargaining agreements, at June 30, 2018, total \$104,559 for governmental activities and \$34,043 for business-type activities.

B. Capital Leases Payable

On October 18, 2016, the City entered into a capital lease agreement with Coastal Copy, Inc. The lease proceeds were used to purchase two copiers for City Hall. The amount of the lease was \$16,359 and accrues interest at 6.3586%. Annual lease payments are due each year commencing October 2016.

On July 14, 2017, the City entered into a capital lease agreement with Avaya Financial Services. The lease proceeds were used to purchase the Avaya IP500 City phone system. The amount of the lease was \$21,400 and the agreement was for 60 months at 0% interest. Annual lease payments are due each year commencing September 2017.

Future minimum lease payments are as follows:

<u>Ending June 30</u>	<u>Amount</u>
2019	\$ 8,089
2020	8,089
2021	8,089
2022	5,233
2023	<u>709</u>
Total minimum lease payments	30,209
Less amount representing interest	<u>(1,481)</u>
Present value on net minimum lease payments	<u><u>\$ 28,728</u></u>

**NOTE 5 – CHANGES IN LONG-TERM LIABILITIES**

The following is a summary of long-term liability activities for the fiscal year ended June 30, 2018:

	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Prior Period Adjustment</u>	<u>Balance June 30, 2018</u>	<u>Due Within One Year</u>
Governmental activities:						
Compensated absences	\$ 108,242	\$ 85,688	\$ 89,371	\$ -	\$ 104,559	\$ 17,866
Capital leases payable	14,148	21,400	6,820		28,728	7,213
OPEB obligation	1,139,334	143,962	33,081	(95,139)	1,155,076	
Net pension liability	<u>1,466,221</u>	<u>229,915</u>	<u>150,534</u>		<u>1,545,602</u>	
Total	<u>\$ 2,727,945</u>	<u>\$ 480,965</u>	<u>\$ 279,806</u>	<u>\$ (95,139)</u>	<u>\$ 2,833,965</u>	<u>\$ 25,079</u>

**CITY OF BUELLTON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**NOTE 5 – CHANGES IN LONG-TERM LIABILITIES (Continued)**

	Balance July 1, 2017	Additions	Deletions	Prior Period Adjustment	Balance June 30, 2018	Due Within One Year
Business-type activities:						
Compensated absences	\$ 17,406	\$ 36,854	\$ 20,217	\$ -	\$ 34,043	\$ 6,809
OPEB obligation	121,188	69,113	15,885	380,072	554,488	
Net pension liability	377,871	289,088	59,194		607,765	
Total	<u>\$ 516,465</u>	<u>\$ 395,055</u>	<u>\$ 95,296</u>	<u>\$ 380,072</u>	<u>\$ 1,196,296</u>	<u>\$ 6,809</u>

**NOTE 6 – FUND BALANCES**

Nonspendable, Restricted, and Unassigned (deficit) fund balance consisted of the following at June 30, 2018:

	General Fund	Transportation Planning Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable				
Prepaid items	\$ 116,087	\$ -	\$ 1,667	\$ 117,754
Restricted				
Housing			479,113	479,113
Streets, roads, and transportation			806,185	806,185
Unassigned (deficit)	8,311,826	(129,427)		8,182,399
Total	<u>\$ 8,427,913</u>	<u>\$ (129,427)</u>	<u>\$ 1,286,965</u>	<u>\$ 9,585,451</u>

**NOTE 7 – INTERFUND TRANSACTIONS**

Interfund transactions are reported as either loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables, as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers among governmental funds are netted as part of the reconciliation to the government-wide financial statements.

A. Due From/To Other Funds

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

Individual fund interfund receivable and payable balances at June 30, 2018, are as follows:

Fund	Due From	Due To
Major Governmental Funds:		
General Fund	\$ 162,616	\$ -
Transportation Planning Special Revenue Fund		162,616
Total	<u>\$ 162,616</u>	<u>\$ 162,616</u>

**CITY OF BUELLTON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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**NOTE 7 – INTERFUND TRANSACTIONS (Continued)**

B. Interfund Transfers

Interfund transfers consist of operating transfers from funds receiving revenue to funds through which the resources are to be expended.

Interfund transfers for the 2017-2018 fiscal year are as follows:

Fund	Transfers In	Transfers Out
Major Governmental Funds:		
General Fund	\$ -	\$ 608,159
Transportation Planning Special Revenue Fund	25,000	
Capital Improvement Project Fund	1,199,749	
Nonmajor Governmental Funds:		
Measure A Fund		497,846
Gas Tax Fund		282,844
Local Transportation Fund	164,100	
	<u>\$ 1,388,849</u>	<u>\$ 1,388,849</u>

**NOTE 8 – RISK MANAGEMENT**

A. 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.

B. 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 the City's primary deposit	City funds
50,001 - 100,000	Pooled based on the City'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

**CITY OF BUELLTON**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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**NOTE 8 – RISK MANAGEMENT (Continued)**

C. 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.

D. Adequacy of Protection

During the past three fiscal (claims) years, none of the above programs of protection have had settlements or judgements 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.

**NOTE 9 – PENSION PLAN**

A. General Information about the Pension Plans

*Plan Descriptions*

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (the Plan), administered by the California Public Employees' Retirement System (CalPERS). The Plan's benefit provisions are established by statute. The Plan is included as a pension trust fund in the CalPERS Comprehensive Annual Financial Report, which is available online at [www.calpers.ca.gov](http://www.calpers.ca.gov).

The Plan consists of a miscellaneous pool and a safety pool (referred to as "risk pools"), which are comprised of individual employer miscellaneous and safety rate plans, respectively, including those of the City of Buellton. The City of Buellton's employer rate plans in the miscellaneous risk pool include the Miscellaneous plan (Miscellaneous) and the PEPRM Miscellaneous plan (PEPRM Misc.). The City of Buellton does not have any rate plans in the safety risk pool.

*Benefits Provided*

The Plan provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Classic members and PEPRM Safety members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. PEPRM Miscellaneous members with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The death benefit is the Basic Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

**CITY OF BUELLTON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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**NOTE 9 – PENSION PLAN (Continued)**

A. General Information about the Pension Plans (Continued)

The Plans’ provisions and benefits in effect at June 30, 2018, are summarized as follows:

	<u>Miscellaneous</u>	
	<u>Prior to January 1, 2013</u>	<u>On or after January 1, 2013</u>
Hire Date		
Benefit formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50-63	52-67
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%	1.0% to 2.5%
Required employee contribution rates	7.0%	6.5%
Required employer contribution rates	9.599% + \$95,035	6.908% + \$227

*Contributions*

Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan is determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Contributions to the pension plan from the City were \$219,633 for the fiscal year ended June 30, 2018.

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

At June 30, 2018, the City reported a liability of \$2,153,367 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 rolled forward using standard update procedures. The City’s proportion of the net pension liability was based on a projection of the City’s long-term share of contributions to the pension plan relative to the projected contributions of all Pension Plan participants, actuarially determined. The City’s proportion share of net pension liability for miscellaneous plans as of June 30, 2017, and 2016 was as follows:

	<u>Miscellaneous</u>
Proportion-June 30, 2016	0.05308%
Proportion-June 30, 2017	0.05463%
Change-Increase (Decrease)	<u>0.00155%</u>

For the fiscal year ended June 30, 2018, the City recognized pension expense of \$207,567. Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method, and plan benefits.

**CITY OF BUELLTON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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**NOTE 9 – PENSION PLAN (Continued)**

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

At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,954	\$ 42,321
Changes in assumptions	366,515	27,947
Net difference between projected and actual earnings on retirement plan investments	82,891	
Changes in proportion and differences between City contributions and proportionate share of contributions	4,332	52,362
Adjustment due to differences in proportion	44,523	20,832
City contributions subsequent to the measurement date	219,633	
	<u>\$ 720,848</u>	<u>\$ 143,462</u>

Deferred outflows of resources and deferred inflows of resources above represent the unamortized portion of changes to net pension liability, to be recognized in future periods in a systematic and rational manner.

\$219,633 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent year ending June 30, 2019.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the pension expenses as follows:

<u>Fiscal year Ending June 30,</u>	<u>Amount</u>
2019	\$ 68,516
2020	210,913
2021	127,538
2022	(49,214)
	<u>\$ 357,753</u>

**CITY OF BUELLTON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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**NOTE 9 – PENSION PLAN (Continued)**

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

*Actuarial Assumptions*

The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions:

	<u>Miscellaneous</u>
Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Payroll Growth	3%
Projected Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	7.00%
Mortality	Derived using CalPERS' Membership Data for all Funds (1)
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies; 2.75% thereafter

- (1) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table please refer to the 2017 experience study report.

*Change in Assumptions*

In December 2016, as part of the Asset Liability Management (ALM) review cycle, the CalPERS Board approved to lower the financial reporting discount rate for PERF C from 7.65% to 7.15%.

*Discount Rate*

The discount rate used to measure the total pension liability was 7.15 percent. To determine whether the municipal bond rate should be used in the calculation of the discount rate for public agency plans (including PERF C), CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on testing the plans, the tests revealed the assets would not run out. Therefore, the current 7.15 percent discount rate is appropriate and the use of municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.15 percent is applied to all plans in the Public Employees Retirement Fund, including PERF C. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB No. 68 section.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2022. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB No. 67 and No. 68 calculations through at least the 2021-22 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

**CITY OF BUELLTON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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**NOTE 9 – PENSION PLAN (Continued)**

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

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

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

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

<b>Asset Class</b>	<b>New Strategic Allocation</b>	<b>Real Return Years 1-10(a)</b>	<b>Real Return Years 11+(b)</b>
Global Equity	47.0%	4.90%	5.38%
Global Fixed Income	19.0%	0.80%	2.27%
Inflation Sensitive	6.0%	0.60%	1.39%
Private Equity	12.0%	6.60%	6.63%
Real Estate	11.0%	2.80%	5.21%
Infrastructure and Forestland	3.0%	3.90%	5.36%
Liquidity	2.0%	-0.40%	-0.90%
Total	100.0%		

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

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

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

The following represents the City's proportionate share of the net pension liability calculated using the discount rate of 7.15 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.15 percent) or one percentage point higher (8.15 percent) than the current rate:

	1% Decrease 6.15%	Current Discount Rate 7.15%	1% Increase 8.15%
City's proportionate share of net pension plan liability	\$ 3,361,506	\$ 2,153,367	\$ 1,152,764

*Pension Plan Fiduciary Net Position*

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

**CITY OF BUELLTON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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**NOTE 9 – PENSION PLAN (Continued)**

C. Payable to the Pension Plan

At June 30, 2018, the City had no amount outstanding for contributions to the pension plan required for the fiscal year ended June 30, 2018.

**NOTE 10 – POSTEMPLOYMENT HEALTH CARE BENEFITS (OPEB)**

A. Plan Description

Medical coverage is provided through a single-employer CalPERS Plan 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 nine retirees currently receiving benefits. The City pays a 0.34% of premium administrative fee on behalf of employees and retirees.

B. Employees Covered

As of June 30, 2017, actuarial valuation, the following current and former employees were covered by the benefit terms under the City's Plan:

Active plan members	19
Inactive plan members or beneficiaries currently receiving benefits	<u>12</u>
Total	<u><u>31</u></u>

C. Contributions

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

D. Total OPEB Liability

The City's OPEB Liability was measured as of June 30, 2018 and the total OPEB liability used to calculate the OPEB Liability was determined by an actuarial valuation as of June 30, 2017. Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

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

Salary increases	2.875%
Inflation	2.75%
Healthcare cost trend rate	7.00% in the first year trending down to 3.84% over 58 years

Pre-retirement mortality rates were based on the RP-2014 Employee Mortality Table for Males or Females, as appropriate, without projection. Post-retirement mortality rates were based on the RP-2014 Health Annuity Mortality Table for Males or Females, as appropriate, without projection.

**CITY OF BUELLTON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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**NOTE 10 – POSTEMPLOYMENT HEALTH CARE BENEFITS (OPEB) (Continued)**

D. Total OPEB Liability (Continued)

Actuarial assumptions used in the July 1, 2017 valuation were based on a review of plan experience during the period July 1, 2015 to June 30, 2017.

*Discount rate.* GASB 75 requires a discount rate that reflects the following:

- a) The long-term expected rate of return on OPEB plan investments — to the extent that the OPEB plan's fiduciary net position (if any) is projected to be sufficient to make projected benefit payments and assets are expected to be invested using a strategy to achieve that return;
- b) A yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher — to the extent that the conditions in (a) are not met.

To determine a resulting single (blended) rate, the amount of the plan's projected fiduciary net position (if any) and the amount of projected benefit payments is compared in each period of projected benefit payments. The discount rate used to measure the City's total OPEB liability is based on these requirements and the following information:

Reporting Date	Measurement Date	Long-Term Expected Return of Plan Investments (if any)	Municipal Bond 20 Year High Grade Rate Index	Discount Rate
June 30, 2018	June 30, 2017	4.00%	3.50%	3.50%

Changes in the OPEB Liability

	Total OPEB Liability
Balance at June 30, 2017 (Valuation Date June 30, 2017)	\$ 1,545,456
Changes recognized for the measurement period:	
Service cost	154,435
Interest	58,639
Changes of assumptions	
Contributions - employer	
Net investment income	
Benefit payments	(48,966)
Administrative expense	
Net Changes	<u>164,108</u>
Balance at June 30, 2018 (Measurement Date June 30, 2017)	<u>\$ 1,709,564</u>

**CITY OF BUELLTON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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**NOTE 10 – POSTEMPLOYMENT HEALTH CARE BENEFITS (OPEB) (Continued)**

*Sensitivity of the OPEB liability to changes in the discount rate.* The following presents the OPEB liability, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current discount rate:

	1% Decrease 2.50%	Discount Rate 3.50%	1% Increase 4.50%
OPEB Liability	1,924,440	1,709,564	1,529,062

*Sensitivity of the OPEB liability to changes in the healthcare cost trend rates.* The following presents the OPEB liability, as well as what the OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.00 percent decreasing to 2.84 percent) or 1-percentage-point higher (8.00 percent decreasing to 4.84 percent) than the current healthcare cost trend rates:

	1% Decrease (6.00% decreasing to 2.84%)	Trend Rate (7.00% decreasing to 3.84%)	1% Increase (8.00% decreasing to 4.84%)
OPEB Liability	1,588,705	1,709,564	1,830,280

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

For the fiscal year ended June 30, 2018, the City recognized OPEB expense of \$213,074. As of the fiscal year ended June 30, 2018, the City reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 57,525	\$ -
	<u>\$ 57,525</u>	<u>\$ -</u>

**NOTE 11 – CONTINGENCIES AND COMMITMENTS**

A. Legal

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.

B. Grant Programs

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.

C. Construction and Other Significant Commitments

Listed below are the projects for uncompleted contracts outstanding as of June 30, 2018.

FY 2017-18 Road Maintenance Project with GLR Construction	\$ 299,587
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**CITY OF BUELLTON**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

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**NOTE 12 – 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.

**NOTE 13 – DEFICIT FUND BALANCE**

The following fund reported a deficit fund balance at June 30, 2018:

Major Fund:	
Transportation Planning Special Revenue Fund	\$129,427

**NOTE 14 – PRIOR-PERIOD ADJUSTMENTS AND RESTATEMENTS**

Prior period adjustments and restatements consisted of the following:

	<u>Statement of Activities</u>		<u>Fund Statements</u>	
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Governmental Funds</u>	<u>Proprietary Funds</u>
<b>Governmental Activities:</b>				
Overstatement of prior year capital assests	\$ (66,061)	\$ -	\$ -	\$ -
Implementation of GASB 75	128,224			
<b>Proprietary Funds:</b>				
<b>Wastewater Fund</b>				
Overstatement of prior year capital assests		(78,749)		(78,749)
Implementation of GASB 75		(181,958)		(181,958)
<b>Water Fund</b>				
Overstatement of prior year capital assests		(8,252)		(8,252)
Implementation of GASB 75		(182,233)		(182,233)
	<u>\$ 62,163</u>	<u>\$ (451,192)</u>	<u>\$ -</u>	<u>\$ (451,192)</u>

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**REQUIRED SUPPLEMENTAL INFORMATION SECTION**

**CITY OF BUELLTON**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
For the Fiscal Year Ended June 30, 2018

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues:</b>				
Taxes	\$ 5,707,500	\$ 5,707,500	\$ 6,907,807	\$ 1,200,307
Licenses, permits, and fees	10,500	10,500	9,150	(1,350)
Intergovernmental	532,200	532,200	465,154	(67,046)
Charges for services	193,745	193,745	236,551	42,806
Fines and forfeitures	20,700	20,700	23,097	2,397
Use of money and property	118,000	118,000	155,388	37,388
Other revenues	30,000	30,000	8,155	(21,845)
<b>Total revenues</b>	<b>6,612,645</b>	<b>6,612,645</b>	<b>7,805,302</b>	<b>1,192,657</b>
<b>Expenditures:</b>				
General government	1,733,631	1,736,331	1,588,688	147,643
Community development	344,092	344,478	330,000	14,478
Cultural and leisure	678,319	704,228	691,949	12,279
Public safety	2,146,260	2,146,260	1,919,643	226,617
Public works	1,303,754	1,305,068	1,186,985	118,083
Capital outlay	59,500	59,500	30,947	28,553
Debt Service:				
Principal			6,820	(6,820)
Interest			875	(875)
<b>Total expenditures</b>	<b>6,265,556</b>	<b>6,295,865</b>	<b>5,755,907</b>	<b>539,958</b>
Excess of revenues over (under) expenditures	347,089	316,780	2,049,395	1,732,615
<b>Other financing sources (uses):</b>				
Proceeds from capital lease			21,400	21,400
Transfers out	(1,133,500)	(1,133,500)	(608,159)	525,341
<b>Total other financing sources (uses)</b>	<b>(1,133,500)</b>	<b>(1,133,500)</b>	<b>(586,759)</b>	<b>546,741</b>
Net change in fund balance	(786,411)	(816,720)	1,462,636	2,279,356
Fund balance - July 1	6,965,277	6,965,277	6,965,277	
Fund balance - June 30	\$ 6,178,866	\$ 6,148,557	\$ 8,427,913	\$ 2,279,356

**CITY OF BUELLTON**  
TRANSPORTATION PLANNING SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
For the Fiscal Year Ended June 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Intergovernmental	\$ 20,000	\$ 20,000	\$ 17,944	\$ (2,056)
Use of money and property			150	150
Total revenues	<u>20,000</u>	<u>20,000</u>	<u>18,094</u>	<u>(1,906)</u>
<b>Expenditures:</b>				
Public works	<u>45,000</u>	<u>45,000</u>	<u>40,415</u>	<u>4,585</u>
Total expenditures	<u>45,000</u>	<u>45,000</u>	<u>40,415</u>	<u>4,585</u>
Excess of revenues over (under) expenditures	<u>(25,000)</u>	<u>(25,000)</u>	<u>(22,321)</u>	<u>2,679</u>
<b>Other financing sources (uses):</b>				
Transfers in	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	
Total other financing sources (uses)	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	
Net change in fund balance			2,679	2,679
Fund balance - July 1	<u>(132,106)</u>	<u>(132,106)</u>	<u>(132,106)</u>	
Fund balance - June 30	<u>\$ (132,106)</u>	<u>\$ (132,106)</u>	<u>\$ (129,427)</u>	<u>\$ 2,679</u>

**CITY OF BUELLTON**  
 SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY  
 Last 10 Years\*  
 As of June 30, 2018

The following table provides required supplementary information regarding the City's Pension Plan.

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability	0.02171%	0.02131%	0.02029%	0.02162%
Proportionate share of the net pension liability	\$ 2,153,367	\$ 1,844,092	\$ 1,392,818	\$ 1,345,267
Covered payroll	\$ 1,472,850	\$ 1,313,499	\$ 1,151,073	\$ 1,208,413
Proportionate share of the net pension liability as percentage of covered payroll	146.20%	140.40%	121.00%	111.33%
Plan's total pension liability	\$ 37,161,348,332	\$ 33,358,627,624	\$ 31,771,217,402	\$ 30,829,966,631
Plan's fiduciary net position	\$ 27,244,095,376	\$ 24,705,532,291	\$ 24,907,305,871	\$ 24,607,502,515
Plan fiduciary net position as a percentage of the total pension liability	73.31%	74.06%	78.40%	79.82%

**Notes to Schedule:**

Changes in assumptions

In 2017, as part of the Asset Liability Management review cycle, the discount rate was changed from 7.65% to 7.15%.

In 2016, the discount rate was changed from 7.5% (net of administrative expense) to 7.65% to correct for an adjustment to exclude administrative expense.

In 2015, amounts reported as changes in assumptions resulted primarily from adjustments to expected retirement ages of general employees.

\*- Fiscal year 2015 was the 1st year of implementation, therefore only four years are shown.

**CITY OF BUELLTON**  
**SCHEDULE OF PENSION CONTRIBUTIONS**  
 Last 10 Years\*  
 As of June 30, 2018

The following table provides required supplementary information regarding the City's Pension Plan.

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Contractually required contribution (actuarially determined)	\$ 219,633	\$ 209,728	\$ 180,244	\$ 234,747
Contribution in relation to the actuarially determined contributions	(219,633)	(209,728)	(180,244)	(234,747)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 1,422,177	\$ 1,472,850	\$ 1,313,499	\$ 1,151,073
Contributions as a percentage of covered payroll	15.44%	14.24%	13.72%	20.39%

**Notes to Schedule**

Valuation Date: 6/30/2016

The actuarial methods and assumptions used to set the actuarially determined contributions for fiscal year 2017/2018 were derived from the June 30, 2017 funding valuation report.

Actuarial Cost Method: Entry Age Normal

Amortization Method/Period: For details, see June 30, 2016 funding valuation report.

Inflation: 2.75%

Salary Increases: Varies by entry age and service

Payroll Growth: 3.00%

Investment Rate of Return: 7.0% net of pension plan investment and administrative expenses; includes inflation.

Retirement Age: The probabilities of retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.

Mortality: The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

\*- Fiscal year 2015 was the 1st year of implementation, therefore only four years are shown.

**CITY OF BUELLTON**

**SCHEDULE OF CHANGES IN THE OPEB LIABILITY AND RELATED RATIOS**

Last 10 Years\*

As of June 30, 2018

	<b>Measurement Period</b>	<b>2018</b>
<b>Total OPEB Liability</b>		
Service cost		\$ 154,435
Interest on the total OPEB liability		58,639
Actual and expected experience difference		
Changes in assumptions		
Changes in benefit terms		
Benefit payments		(48,966)
<b>Net change in total OPEB Liability</b>		<u>164,108</u>
<b>Total OPEB liability- beginning</b>		1,545,456
<b>Total OPEB liability- ending (a)</b>		<u>\$ 1,709,564</u>
<b>Covered payroll</b>		<u>\$ 1,425,694</u>
<b>Total OPEB liability as a percentage of covered payroll</b>		119.91%

\*- Fiscal year 2018 was the 1st year of implementation, therefore only one year is shown.

**CITY OF BUELLTON**  
**SCHEDULE OF OPEB CONTRIBUTIONS**  
Last 10 Years\*  
As of June 30, 2018

As of June 30, 2018, the plan is not administered through a qualified trust. Therefore there is no Actuarially Determined Contribution (ADC). Benefit payments of \$57,525 were made on a pay-as-you-go-basis for the fiscal year ended June 30, 2018.

**SUPPLEMENTAL INFORMATION SECTION**

**CITY OF BUELLTON**  
 CAPITAL IMPROVEMENT PROJECT FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 For the Fiscal Year Ended June 30, 2018

	<u>Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Expenditures:</b>			
Capital outlay	\$ -	\$ 1,199,749	\$ (1,199,749)
Total expenditures		<u>1,199,749</u>	<u>(1,199,749)</u>
Excess of revenues over (under) expenditures		<u>(1,199,749)</u>	<u>(1,199,749)</u>
<b>Other financing sources (uses):</b>			
Transfers in		<u>1,199,749</u>	<u>1,199,749</u>
Total other financing sources (uses)		<u>1,199,749</u>	<u>1,199,749</u>
Net change in fund balance			
Fund balance - July 1			
Fund balance - June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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## NONMAJOR GOVERNMENTAL FUNDS

Fund	Description
Non-Major Funds:	
Housing Fund	Accounts for funds used to maintain the City's supply of affordable housing.
Traffic Mitigation Fund	Accounts for traffic congestion relief funds received for street purposes.
Gas Tax Fund	Accounts for funds received and expended for street maintenance as defined in the Streets and Highways 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**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET**  
 June 30, 2018

	<u>Special Revenue Funds</u>			
	<u>Housing Fund</u>	<u>Traffic Mitigation Fund</u>	<u>Gas Tax Fund</u>	<u>Measure A Fund</u>
<b>ASSETS</b>				
Cash and investments	\$ 477,682	\$ 30,502	\$ 258,275	\$ 336,954
Accounts receivable			10,871	
Interest receivable	1,431	92	799	1,076
Prepaid items				
Total assets	<u>\$ 479,113</u>	<u>\$ 30,594</u>	<u>\$ 269,945</u>	<u>\$ 338,030</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ -	\$ 466	\$ 5,809	\$ -
Total liabilities		<u>466</u>	<u>5,809</u>	
Fund Balances:				
Nonspendable				
Restricted	<u>479,113</u>	<u>30,128</u>	<u>264,136</u>	<u>338,030</u>
Total fund balances	<u>479,113</u>	<u>30,128</u>	<u>264,136</u>	<u>338,030</u>
Total liabilities and fund balances	<u>\$ 479,113</u>	<u>\$ 30,594</u>	<u>\$ 269,945</u>	<u>\$ 338,030</u>

**Special Revenue Funds**

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<b>Local Transportation Fund</b>	<b>Totals</b>
\$ 173,367	\$ 1,276,780
	10,871
524	3,922
<u>1,667</u>	<u>1,667</u>
<u>\$ 175,558</u>	<u>\$ 1,293,240</u>
\$ -	\$ 6,275
	<u>6,275</u>
1,667	1,667
<u>173,891</u>	<u>1,285,298</u>
<u>175,558</u>	<u>1,286,965</u>
<u>\$ 175,558</u>	<u>\$ 1,293,240</u>

**CITY OF BUELLTON**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**For the Fiscal Year Ended June 30, 2018**

	<b>Special Revenue Funds</b>			
	<b>Housing Fund</b>	<b>Traffic Mitigation Fund</b>	<b>Gas Tax Fund</b>	<b>Measure A Fund</b>
<b>Revenues:</b>				
Licenses, permits, and fees	\$ -	\$ 17,236	\$ -	\$ -
Intergovernmental			141,149	349,424
Use of money and property	4,576	243	2,775	5,232
Total revenues	<u>4,576</u>	<u>17,479</u>	<u>143,924</u>	<u>354,656</u>
<b>Expenditures:</b>				
Community development	2,000			
Public works			83,108	
Total expenditures	<u>2,000</u>		<u>83,108</u>	
Excess of revenues over (under) expenditures	<u>2,576</u>	<u>17,479</u>	<u>60,816</u>	<u>354,656</u>
<b>Other financing sources (uses):</b>				
Transfers in				
Transfers out			(282,844)	(497,846)
Total other financing sources (uses)			<u>(282,844)</u>	<u>(497,846)</u>
Net change in fund balances	2,576	17,479	(222,028)	(143,190)
Fund balances - July 1	<u>476,537</u>	<u>12,649</u>	<u>486,164</u>	<u>481,220</u>
Fund balances - June 30	<u>\$ 479,113</u>	<u>\$ 30,128</u>	<u>\$ 264,136</u>	<u>\$ 338,030</u>

Special Revenue Funds

<u>Local Transportation Fund</u>	<u>Totals</u>
\$ -	\$ 17,236
3,922	494,495
744	13,570
<u>4,666</u>	<u>525,301</u>
	2,000
<u>46,621</u>	<u>129,729</u>
<u>46,621</u>	<u>131,729</u>
<u>(41,955)</u>	<u>393,572</u>
164,100	164,100
	<u>(780,690)</u>
<u>164,100</u>	<u>(616,590)</u>
122,145	(223,018)
<u>53,413</u>	<u>1,509,983</u>
<u>\$ 175,558</u>	<u>\$ 1,286,965</u>

**CITY OF BUELLTON**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2018**

	<b>Special Revenue Funds</b>					
	<b>Housing Fund</b>			<b>Traffic Mitigation Fund</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues</b>						
Licenses, permits, and fees	\$ 2,400	\$ -	\$ (2,400)	\$ 20,000	\$ 17,236	\$ (2,764)
Use of money and property		4,576	4,576	150	243	93
Total revenues	<u>2,400</u>	<u>4,576</u>	<u>2,176</u>	<u>20,150</u>	<u>17,479</u>	<u>(2,671)</u>
<b>Expenditures</b>						
Community development	<u>3,000</u>	<u>2,000</u>	<u>1,000</u>			
Total expenditures	<u>3,000</u>	<u>2,000</u>	<u>1,000</u>			
Excess of revenues over (under) expenditures	<u>(600)</u>	<u>2,576</u>	<u>3,176</u>	<u>20,150</u>	<u>17,479</u>	<u>(2,671)</u>
Net change in fund balances	<u>\$ (600)</u>	<u>2,576</u>	<u>\$ 3,176</u>	<u>\$ 20,150</u>	<u>17,479</u>	<u>\$ (2,671)</u>
Fund balances - July 1		<u>476,537</u>			<u>12,649</u>	
Fund balances - June 30		<u>\$ 479,113</u>			<u>\$ 30,128</u>	

**CITY OF BUELLTON**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2018**

	<b>Special Revenue Funds</b>					
	<b>Gas Tax Fund</b>			<b>Measure A Fund</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues</b>						
Licenses, permits, and fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	204,000	141,149	(62,851)	336,593	349,424	12,831
Use of money and property	2,000	2,775	775	3,500	5,232	1,732
<b>Total revenues</b>	<b>206,000</b>	<b>143,924</b>	<b>(62,076)</b>	<b>340,093</b>	<b>354,656</b>	<b>14,563</b>
<b>Expenditures</b>						
Public works	102,000	83,108	18,892			
<b>Total expenditures</b>	<b>102,000</b>	<b>83,108</b>	<b>18,892</b>			
Excess of revenues over (under) expenditures	104,000	60,816	(43,184)	340,093	354,656	14,563
<b>Other financing sources (uses):</b>						
Transfers out	(500,000)	(282,844)	217,156	(664,100)	(497,846)	166,254
<b>Total other financing sources (uses)</b>	<b>(500,000)</b>	<b>(282,844)</b>	<b>217,156</b>	<b>(664,100)</b>	<b>(497,846)</b>	<b>166,254</b>
<b>Net change in fund balances</b>	<b><u>\$ (396,000)</u></b>	<b><u>(222,028)</u></b>	<b><u>\$ 173,972</u></b>	<b><u>\$ (324,007)</u></b>	<b><u>(143,190)</u></b>	<b><u>\$ 180,817</u></b>
Fund balances - July 1		486,164			481,220	
Fund balances - June 30		<u>\$ 264,136</u>			<u>\$ 338,030</u>	

**CITY OF BUELLTON**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**For the Fiscal Year Ended June 30, 2018**

	<b>Special Revenue Funds</b>					
	<b>Local Transportation Fund</b>			<b>Totals</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues</b>						
Licenses, permits, and fees	\$ -	\$ -	\$ -	\$ 22,400	\$ 17,236	\$ (5,164)
Intergovernmental	9,824	3,922	(5,902)	550,417	494,495	(55,922)
Use of money and property	30	744	714	5,680	13,570	7,890
<b>Total revenues</b>	<b>9,854</b>	<b>4,666</b>	<b>(5,188)</b>	<b>578,497</b>	<b>525,301</b>	<b>(53,196)</b>
<b>Expenditures</b>						
Community development				3,000	2,000	1,000
Public works	40,000	46,621	(6,621)	142,000	129,729	12,271
<b>Total expenditures</b>	<b>40,000</b>	<b>46,621</b>	<b>(6,621)</b>	<b>145,000</b>	<b>131,729</b>	<b>13,271</b>
Excess of revenues over (under) expenditures	(30,146)	(41,955)	(11,809)	433,497	393,572	(39,925)
<b>Other financing sources (uses):</b>						
Transfers in	184,100	164,100	(20,000)	184,100	164,100	(20,000)
Transfers out	(95,000)		95,000	(1,259,100)	(780,690)	478,410
<b>Total other financing sources (uses)</b>	<b>89,100</b>	<b>164,100</b>	<b>75,000</b>	<b>(1,075,000)</b>	<b>(616,590)</b>	<b>458,410</b>
<b>Net change in fund balances</b>	<b>\$ 58,954</b>	<b>122,145</b>	<b>\$ 63,191</b>	<b>\$ (641,503)</b>	<b>(223,018)</b>	<b>\$ 418,485</b>
Fund balances - July 1		53,413			1,509,983	
Fund balances - June 30		<u>\$ 175,558</u>			<u>\$ 1,286,965</u>	

**CITY OF BUELLTON**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**DEPOSITS AGENCY FUND**  
June 30, 2018

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2018</u>
<b>Assets</b>				
Cash and cash equivalents	\$ 228,527	\$ 16,982	\$ 13,817	\$ 231,692
Interest receivable	<u>342</u>	<u>694</u>	<u>342</u>	<u>694</u>
Total assets	<u>\$ 228,869</u>	<u>\$ 17,676</u>	<u>\$ 14,159</u>	<u>\$ 232,386</u>
<b>Liabilities</b>				
Refundable deposits and accruals	<u>\$ 228,869</u>	<u>\$ 17,676</u>	<u>\$ 14,159</u>	<u>\$ 232,386</u>
Total liabilities	<u>\$ 228,869</u>	<u>\$ 17,676</u>	<u>\$ 14,159</u>	<u>\$ 232,386</u>

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**STATISTICAL SECTION**

## 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	Pages
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.	80-89
Revenue Capacity	
These schedules contain information to help assess the government's most significant local revenue sources.	90-96
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.	97-99
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.	100
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.	101-107

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

**City of Buellton, California**  
**Net Position by Component**  
**Last Ten Fiscal Years**  
**(Fiscal year ended June 30)**  
**(Accrual basis of accounting)**

	2009	2010	2011	2012
<b>Governmental activities</b>				
Net investment in capital assets	\$ 17,157,515	\$ 16,562,754	\$ 16,445,038	\$ 17,403,453
Restricted			4,282,496	1,848,781
Unrestricted	12,919,389	12,391,360	8,470,455	11,014,594
<b>Total governmental activities net position</b>	<b>\$ 30,076,904</b>	<b>\$ 28,954,114</b>	<b>\$ 29,197,989</b>	<b>\$ 30,266,828</b>
<b>Business-type activities</b>				
Net investment in capital assets	5,151,913	\$ 5,096,842	\$ 5,530,407	\$ 5,563,438
Restricted				
Unrestricted	6,653,810	6,381,738	5,604,145	5,136,194
<b>Total business-type activities net position</b>	<b>\$ 11,805,723</b>	<b>\$ 11,478,580</b>	<b>\$ 11,134,552</b>	<b>\$ 10,699,632</b>
<b>Primary government</b>				
Net investment in capital assets	\$ 22,309,428	\$ 21,659,596	\$ 21,975,445	\$ 22,966,891
Restricted			4,282,496	1,848,781
Unrestricted	19,573,199	18,773,098	14,074,600	16,150,788
<b>Total primary government net position</b>	<b>\$ 41,882,627</b>	<b>\$ 40,432,694</b>	<b>\$ 40,332,541</b>	<b>\$ 40,966,460</b>

Source: City Finance Department

	2013	2014	2015	2016	2017	2018
\$	17,650,808	\$ 17,499,108	\$ 18,152,109	\$ 18,960,813	\$ 19,488,470	\$ 20,140,218
	7,993,664	7,986,418	7,483,555	1,202,636	1,508,316	1,286,965
	5,323,390	5,301,357	4,312,758	4,204,654	4,324,620	5,823,737
\$	<u>30,967,862</u>	<u>\$ 30,786,883</u>	<u>\$ 29,948,422</u>	<u>\$ 24,368,103</u>	<u>\$ 25,321,406</u>	<u>\$ 27,250,920</u>
\$	5,420,400	\$ 5,555,611	\$ 5,573,002	\$ 6,076,811	\$ 5,644,028	\$ 5,305,580
	4,859,019	4,218,343	3,508,567	3,308,675	3,715,375	4,318,616
\$	<u>10,279,419</u>	<u>\$ 9,773,954</u>	<u>\$ 9,081,569</u>	<u>\$ 9,385,486</u>	<u>\$ 9,359,403</u>	<u>\$ 9,624,196</u>
\$	23,071,208	\$ 23,054,719	\$ 23,725,111	\$ 25,037,624	\$ 25,132,498	\$ 25,445,798
	7,993,664	7,986,418	7,483,555	1,202,636	1,508,316	1,286,965
	10,182,409	9,519,700	7,821,325	7,513,329	8,039,995	10,142,353
\$	<u>41,247,281</u>	<u>\$ 40,560,837</u>	<u>\$ 39,029,991</u>	<u>\$ 33,753,589</u>	<u>\$ 34,680,809</u>	<u>\$ 36,875,116</u>

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

	2009	2010	2011	2012
<b>Expenses</b>				
Governmental activities:				
General government	\$ 952,729	\$ 1,027,858	\$ 1,040,330	\$ 1,484,345
Community development	908,792	1,343,533	947,844	1,131,764
Culture and leisure	607,147	648,944	638,904	621,570
Public safety	1,640,233	1,755,474	1,804,188	1,350,473
Public works	886,380	1,743,224	819,223	862,578
Interest on long-term debt				
Unallocated depreciation	705,212	723,587	737,978	
Total governmental activities expenses	5,700,493	7,242,620	5,988,467	5,450,730
Business-type activities:				
Water Utility	1,591,019	1,633,422	1,623,335	1,699,457
Wastewater Utility	869,595	909,121	842,378	771,940
Total business-type activities expenses	2,460,614	2,542,543	2,465,713	2,471,397
Total primary government expenses	8,161,107	9,785,163	8,454,180	7,922,127
<b>Program revenues</b>				
Governmental activities:				
Charges for services:				
General government	186,909	133,995	92,618	1,712
Community development	42,818	42,818	160,854	
Culture and leisure	82,900	183,933	155,316	59,786
Public safety	12,210	58,207	66,616	48,678
Public works				88,865
Operating grants and contributions	286,756	400,787	356,627	1,225,407
Capital grants and contributions	474,562	225,429	182,490	
Total governmental activities program revenues	1,086,155	1,045,169	1,014,521	1,424,448
Business-type activities:				
Charges for services:				
Water utility	1,467,933	1,467,931	1,387,651	1,388,813
Sewer utility	556,822	569,344	572,545	597,963
Operating grants and contributions				462
Capital grants and contributions	179,062	108,960	114,575	34,720
Total business-type activities program revenues	2,203,817	2,146,235	2,074,771	2,021,958
Total primary government program revenues	3,289,972	3,191,404	3,089,292	3,446,406
<b>Net (Expense)/Revenue</b>				
Governmental activities	(4,614,338)	(6,197,451)	(4,973,946)	(4,026,282)
Business-type activities	(256,797)	(396,308)	(390,942)	(449,439)
Total primary government net expense	(4,871,135)	(6,593,759)	(5,364,888)	(4,475,721)

	2013	2014	2015	2016	2017	2018
\$	1,519,771	\$ 1,771,834	\$ 783,769	\$ 849,291	\$ 1,784,167	\$ 1,703,992
	313,216	469,675	1,192,571	1,115,702	364,935	342,972
	588,733	595,098	607,761	523,974	790,357	796,225
	1,872,020	1,792,569	1,801,989	1,808,093	1,922,881	1,919,643
	1,526,752	2,568,183	1,959,864	1,358,122	1,722,304	1,717,639
					645	875
	5,820,492	7,197,359	6,345,954	5,655,182	6,585,289	6,481,346
	1,734,083	1,679,681	1,822,088	1,947,565	1,955,852	1,986,774
	847,522	453,728	957,261	1,025,834	1,099,822	1,192,648
	2,581,605	2,133,409	2,779,349	2,973,399	3,055,674	3,179,422
	8,402,097	9,330,768	9,125,303	8,628,581	9,640,963	9,660,768
	3,975	51,250	9,095	10,260		
				52,400		
	231,337	271,231	306,560	272,682	226,932	236,551
	47,982	38,129	37,594	39,875		
	9,480	27,840	106,974	72,234		
	919,707	639,327	555,856	544,749	1,405,359	1,003,979
	1,212,481	1,027,777	1,016,079	992,200	1,632,291	1,240,530
	1,460,658	1,549,410	1,436,127	1,426,171	1,917,538	2,470,525
	649,703	695,725	734,289	727,810	855,684	1,091,370
	3,250	1,699	293,817	824,934		
	36,380				224,907	295,197
	2,149,991	2,246,834	2,464,233	2,978,915	2,998,129	3,857,092
	3,362,472	3,274,611	3,480,312	3,971,115	4,630,420	5,097,622
	(4,608,011)	(6,169,582)	(5,329,875)	(4,662,982)	(4,952,998)	(5,240,816)
	(431,614)	113,425	(315,116)	5,516	(57,545)	677,670
	(5,039,625)	(6,056,157)	(5,644,991)	(4,657,466)	(5,010,543)	(4,563,146)

(continued)

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

	2009	2010	2011	2012
Continued from previous page:				
<b>General Revenues and Other Changes in Net Position:</b>				
Governmental activities:				
Taxes:				
Secured and unsecured property taxes	1,713,355	1,750,774	1,718,074	1,679,732
Sales and use tax	1,539,733	1,414,049	1,552,752	1,611,788
Transient lodging tax	1,223,797	1,164,409	1,193,216	1,239,617
Franchise taxes	142,731	131,659	209,220	202,981
Other taxes	405,637	403,748	411,514	383,604
Fines and forfeitures				
Investment income	448,519	129,300	127,128	268,680
Other general revenues	10,094	13,632	5,917	
Transfer from fiduciary activities				
Transfer in (out)				
Special item				
Extraordinary item				(291,281)
Total governmental activities	<u>5,483,866</u>	<u>5,007,571</u>	<u>5,217,821</u>	<u>5,095,121</u>
Business-type activities:				
Use of money and property	131,760	39,922	23,774	14,519
Other revenues	26,242	29,243	23,140	
Transfer in (out)				
Total business-type activities	<u>158,002</u>	<u>69,165</u>	<u>46,914</u>	<u>14,519</u>
Total primary government	<u>5,641,868</u>	<u>5,076,736</u>	<u>5,264,735</u>	<u>5,109,640</u>
<b>Changes in Net Position</b>				
Governmental activities	869,528	(1,189,880)	243,875	1,068,839
Business-type activities	<u>(98,795)</u>	<u>(327,143)</u>	<u>(344,028)</u>	<u>(434,920)</u>
Total primary government	<u>\$ 770,733</u>	<u>\$ (1,517,023)</u>	<u>\$ (100,153)</u>	<u>\$ 633,919</u>

2013	2014	2015	2016	2017	2018
1,528,000	1,116,510	1,146,289	2,396,533	1,297,795	1,450,412
1,744,085	1,935,411	1,943,723	2,044,067	2,521,898	2,342,222
1,344,904	1,604,086	1,830,275	1,783,807	1,938,720	2,832,056
207,922	216,444	418,586	434,866	221,847	250,259
381,358	387,905	220,140	223,302	43,555	32,858
				25,396	23,097
102,197	41,160	107,885	104,364	142,325	169,108
579	1,192	54,257	39,300	11,372	8,155
	59,073				
	626,822				
			(7,943,576)		
<u>5,309,045</u>	<u>5,988,603</u>	<u>5,721,155</u>	<u>(917,337)</u>	<u>6,202,908</u>	<u>7,108,167</u>
11,401	7,932	8,146	10,711	17,030	38,315
			287,690		
	(626,822)				
<u>11,401</u>	<u>(618,890)</u>	<u>8,146</u>	<u>298,401</u>	<u>17,030</u>	<u>38,315</u>
<u>5,320,446</u>	<u>5,369,713</u>	<u>5,729,301</u>	<u>(618,936)</u>	<u>6,219,938</u>	<u>7,146,482</u>
701,034	(180,979)	391,280	(5,580,319)	1,249,910	1,867,351
(420,213)	(505,465)	(306,970)	303,917	(40,515)	715,985
<u>\$ 280,821</u>	<u>\$ (686,444)</u>	<u>\$ 84,310</u>	<u>\$ (5,276,402)</u>	<u>\$ 1,209,395</u>	<u>\$ 2,583,336</u>

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

	2009	2010	2011	2012	2013
<b>General Fund:</b>					
Nonspendable	\$ 7,957,130	\$ 8,067,010	\$ 2,968,765	\$ 114,737	\$ 98,630
Restricted					6,169,316
Committed			25,000		
Unassigned	2,974,145	3,187,103	9,045,094	11,334,055	5,829,005
<b>Total general fund</b>	<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>
<b>All Other Governmental Funds:</b>					
Nonspendable	208,069	225,917	5,971	200,000	201,667
Restricted	6,751,213	7,016,895	4,282,496	1,848,781	1,824,348
Unassigned (deficit)	(4,916,803)	(6,091,969)	(3,439,610)	(277,578)	(273,652)
<b>Total all other governmental funds</b>	<u>2,042,479</u>	<u>1,150,843</u>	<u>848,857</u>	<u>1,771,203</u>	<u>1,752,363</u>
<b>Total all governmental funds</b>	<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>

Source: City Finance Department

	2014	2015	2016	2017	2018
\$	267,916	\$ 211,871	\$ 1,727	\$ 26,036	\$ 116,087
	6,173,046	6,185,439			
	6,050,021	6,482,765	6,733,906	6,939,241	8,311,826
	12,490,983	12,880,075	6,735,633	6,965,277	8,427,913
	1,667	1,667	1,667	1,667	1,667
	1,813,372	1,298,116	1,202,636	1,508,316	1,285,298
	(245,469)	(193,192)	(158,287)	(132,106)	(129,427)
	1,569,570	1,106,591	1,046,016	1,377,877	1,157,538
\$	14,060,553	\$ 13,986,666	\$ 7,781,649	\$ 8,343,154	\$ 9,585,451

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

	2009	2010	2011
<b>Revenues:</b>			
Taxes	\$ 4,641,967	\$ 4,339,672	\$ 4,696,667
Licenses, permits, and fees	90,702	74,144	30,049
Intergovernmental	1,068,235	1,027,513	1,106,355
Charges for services	82,900	183,933	155,316
Fines and forfeitures	36,951	44,809	48,342
Use of money and property	508,368	189,152	189,696
Other	140,898	48,632	5,917
<b>Total revenues</b>	<b>6,570,021</b>	<b>5,907,855</b>	<b>6,232,342</b>
<b>Expenditures:</b>			
Current:-			
General government	946,501	995,266	1,002,400
Community development	1,084,618	1,312,599	911,843
Culture and leisure	606,549	629,171	621,181
Public safety	1,638,619	1,755,474	1,804,188
Public works	885,508	1,540,579	789,708
Capital outlay	1,444,252	310,654	620,262
Debt Service			
Principal			
Interest			
<b>Total expenditures</b>	<b>6,606,047</b>	<b>6,543,743</b>	<b>5,749,582</b>
<b>Reconciliation of Governmental Revenues</b>			
<b>Less Expenditures to Fund Equity:</b>			
Revenues over (under) expenditures	\$ (36,026)	\$ (635,888)	\$ 482,760
Other financing sources (uses):			
Write off of Advance to Successor Agency Private Purpose Trust			
Release of funds to Successor Agency Private Purpose Trust			
Proceeds from sales of assets			
Transfer from Successor Agency Private Purpose Trust			
Extraordinary loss on dissolution of redevelopment			
Proceeds from capital lease			
Transfers in			4,602,777
Transfers out			(4,602,777)
Payment to Santa Barbara County			
Total other financing sources (uses)			
Net change in fund balances	\$ (36,026)	\$ (635,888)	\$ 482,760
Debt service as a percentage of noncapital expenditures	0%	0%	0%

Source: City Finance Department

	2012	2013	2014	2015	2016	2017	2018
\$	4,917,859	\$ 5,246,898	\$ 5,260,356	\$ 5,179,413	\$ 6,479,828	\$ 6,023,815	\$ 6,907,807
	85,777	13,666	79,181	10,854	21,056	32,923	26,386
	1,230,607	879,078	639,327	942,106	954,116	1,372,436	977,593
		165,717	189,475	284,829	296,128	226,932	236,551
	49,223	49,261	39,203	37,508	39,875	25,396	23,097
	525,508	162,312	108,775	107,885	104,364	142,325	169,108
	1,876	4,594	14,168	169,351	123,072	14,565	8,155
	<u>6,810,850</u>	<u>6,521,526</u>	<u>6,330,485</u>	<u>6,731,946</u>	<u>8,018,439</u>	<u>7,838,392</u>	<u>8,348,697</u>
	1,046,267	1,317,924	1,511,614	568,229	638,552	1,686,194	1,588,688
	1,131,764	313,216	262,175	1,192,571	1,115,702	351,280	332,000
	608,804	575,128	590,873	591,096	507,894	670,726	691,949
	1,350,473	1,872,020	1,792,569	1,801,989	1,808,093	1,922,881	1,919,643
	660,515	1,303,965	1,225,306	1,567,534	1,709,883	1,339,674	1,357,129
	1,389,467	510,038	1,215,104	1,089,702	499,756	1,036,196	1,230,696
						2,211	6,820
						645	875
	<u>6,187,290</u>	<u>5,892,291</u>	<u>6,597,641</u>	<u>6,811,121</u>	<u>6,279,880</u>	<u>7,009,807</u>	<u>7,127,800</u>
\$	623,560	\$ 629,235	\$ (267,156)	\$ (79,175)	\$ 1,738,559	\$ 828,585	\$ 1,220,897
					(1,876,208)		
					(6,067,368)		
				5,288			
			59,073				
(291,281)						16,359	21,400
			1,264,556	1,256,482	557,213	51,500	1,388,849
			(637,734)	(1,256,482)	(557,213)	(51,500)	(1,388,849)
			(207,500)				
	<u>(291,281)</u>		<u>478,395</u>	<u>5,288</u>	<u>(7,943,576)</u>	<u>16,359</u>	<u>21,400</u>
\$	<u>332,279</u>	<u>\$ 629,235</u>	<u>\$ 211,239</u>	<u>\$ (73,887)</u>	<u>\$ (6,205,017)</u>	<u>\$ 844,944</u>	<u>\$ 1,242,297</u>
	<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>	<u>0%</u>

**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 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%
FY 14-15	715,256,461	48,056,143	763,312,604	111,820,186	7,764,135	119,584,321	1.000%
FY 15-16	749,194,282	61,290,514	810,484,796	116,980,297	8,401,492	125,381,789	1.000%
FY 16-17	787,460,650	63,404,746	850,865,396	122,962,558	8,346,976	131,309,534	1.000%
FY 17-18	860,755,629	65,148,264	925,903,893	154,527,980	9,650,651	164,178,631	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

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**City of Buellton, California**  
**Direct and Overlapping Tax Rates**  
**For the last ten fiscal years**  
**(Rate per \$100 of assessed value)**

	Direct Rates		Overlapping Rates	
	Basic Rate	Total Direct	Buellton Union School District 1992	Buellton Union School District 2004
FY 08-09	1.0000	1.0000	0.02307	0.02792
FY 09-10	1.0000	1.0000	0.02422	0.02792
FY 10-11	1.0000	1.0000	0.02422	0.02792
FY 11-12	1.0000	1.0000	0.02495	0.02876
FY 12-13	1.0000	1.0000	0.02495	0.02977
FY 13-14	1.0000	1.0000	0.02620	0.03037
FY 14-15	1.0000	1.0000	0.02699	0.03128
FY 15-16	1.0000	1.0000	0.02564	0.03128
FY 16-17	1.0000	1.0000	0.02564	0.03128
FY 17-18	1.0000	1.0000		0.03128

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.

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

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Overlapping Rates				
AHCC Bond 2006	Buellton Union School District 2012	Santa Ynez Valley High School Bond 2016	Total Tax Rate	Redevelopment Agency *
0.02500			1.07599	1.07599
0.02500			1.07714	1.07714
0.02500			1.07714	1.07714
0.02500			1.07871	
0.02500			1.07972	
0.02500			1.08157	
0.02500			1.08327	
0.02500			1.08192	
0.02500			1.08192	
0.02375	0.02965	0.01500	1.09968	

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

Property Owner	FY 2017-18			FY 2011-12		
	Assessed Valuation	Rank	% of Total	Assessed Valuation	Rank	% of Total
FPA Flying Flags Associates, LP	\$ 17,062,299	1	17.3%	\$ 14,542,092	2	18.6%
Chumash Buellton Apartments, LLC	15,058,012	2	15.3%			0.0%
Ocean Park Hotels-BLT, LLC	10,879,443	3	11.0%			0.0%
RTA Buellton Hotel, LLC	9,756,000	4	9.9%			0.0%
Kang Family Partners	9,421,760	5	9.5%	7,844,491	3	10.0%
Buellton Self-Storage, LP	7,707,214	6	7.8%	6,981,104	4	8.9%
RREF II-CPD Buellton, LLC	7,694,878	7	7.8%			0.0%
Kaywine, LLC	7,357,532	8	7.5%	6,666,999	5	8.5%
ABS CA-O LLC	6,888,358	9	7.0%			0.0%
Richlynd, LLC	6,800,000	10	6.9%			0.0%
Oak Springs Village Properties LLC				15,686,247	1	20.0%
New Albertson's Inc				6,239,987	6	8.0%
Santa Ynez Self Storage, LLC				5,651,169	7	7.2%
Hauber Family Trust				5,076,447	8	6.5%
Los Padres Properties				4,904,654	9	6.3%
Santa Ynez Band of Mission Indians				4,712,520	10	6.0%
	<u>\$98,625,496</u>		<u>100.0%</u>	<u>\$78,305,710</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**

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Apr-June 2018	Apr-June 2013
AJ Spurs Saloon & Dining Hall	AJ Spurs Saloon & Dining Hall
Albertsons	Albertsons
Andersons Pea Soup	Andersons Pea Soup
Buellton Shell	Buellton Shell
Buellton Mobil	Carls Jr
Chevron	Circle K Mobil
Coast Auto Sales	CVS Pharmacy
Conserv Fuel	Farm Supply
CVS Pharmacy	Firestone Walker Brewing
Eagle Energy	Floors Doors
Farm Supply	Hitching Post
Habit Burger Grill	Jim Vreeland Ford
Hitching Post	Lucas & Lewellen Vineyards
Industrial Eats	McDonalds
Jim Vreeland Ford	New West Catering
McDonalds	Pfg
Platinum Performance	Platinum Performance
Platinum Performance Vet	Platinum Performance Vet
Rio Vista Chevrolet	Rio Vista Chevrolet
Sky River RV	Santa Ynez Valley Marriott
Taproom & Barrelworks	Terravant Wine Company
Tesoro Refining & Marketing	Tesoro Refining & Marketing
Todd Pipe & supply	Todd Pipe & supply
Toms Gas & Market	Toms Gas & Market
Tractor Supply	Union 76 Fastbreak

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,	Countywide Full Cash Value	Taxes Levied for the Fiscal Year*	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2009	\$ 60,696,539,168	\$ 1,087,350	\$ 1,056,581	97.2%	\$ 30,244	\$ 1,086,825	100.0%
2010	61,175,442,005	1,098,733	1,071,856	97.6%	26,098	1,097,954	99.9%
2011	61,464,193,266	1,099,024	1,080,276	98.3%	17,935	1,098,211	99.9%
2012	62,347,291,820	1,100,892	1,086,758	98.7%	13,322	1,100,080	99.9%
2013	62,997,084,030	1,098,286	1,087,164	99.0%	10,326	1,097,490	99.9%
2014	65,564,638,917	1,118,521	1,109,598	99.2%	7,978	1,117,576	99.9%
2015	69,060,903,131	1,137,192	1,127,669	99.2%	8,302	1,135,971	99.9%
2016	72,467,182,665	1,209,841	1,197,790	99.0%	7,922	1,205,712	99.7%
2017	75,421,928,742	1,267,225	1,256,864	99.2%	5,832	1,262,695	99.6%
2018	79,468,594,993	1,386,091	1,370,118	98.8%		1,370,118	98.8%

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

**Note:** For the fiscal year ended June 30, 2018.

**City of Buellton, California**  
**Direct and Overlapping Debt**  
**Current Year**  
**June 30, 2018**

2017-18 Assessed Valuation: \$ 925,903,893

<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>Debt Outstanding (1)</u>	<u>% Applicable (2)</u>	<u>Estimate Share of Debt</u>
Allan Hancock Joint Community College District - GO Bonds	\$ 127,395,000	3.559%	\$ 4,533,601
Santa Ynez Valley High School District - Bond	\$ 7,500,000	13.990%	\$ 1,049,287
Buellton Union School District - GO Bonds and Bond Anticipation Notes	\$ 7,486,000	73.863%	\$ 5,529,373
<b>TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</b>	<b>\$ 142,381,000</b>		<b>\$ 11,112,261</b>
<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
Buellton Union School District - Certificates of Participation	\$ 138,000	73.863%	\$ 101,931
Santa Ynez Valley Union High School District - Certificates of Participation	\$ 2,205,000	13.990%	\$ 308,490
Santa Barbara County Certificates of Participation	\$ 45,465,000	1.167%	\$ 530,406
<b>TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>	<b>\$ 47,808,000</b>		<b>\$ 940,827</b>
<b>COMBINED TOTAL DEBT</b>			<b><u>\$ 12,053,088</u> (3)</b>

(1) Bond Principal Balance estimated as of 6/30/2018, Certificate Balance estimated as of 6/30/18

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

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

Ratios to 2017-18 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	1.20%
Combined Total Debt	1.30%

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

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

	2009	2010	2011	2012
Assessed Value	\$ 707,619,233	\$ 686,233,598	\$ 684,320,951	\$ 683,948,070
Conversion Percentage	25%	25%	25%	25%
Adjusted Assessed Value	176,904,808	171,558,400	171,080,238	170,987,018
Debt Limit Percentage	15%	15%	15%	15%
Debt limit	26,535,721	25,733,760	25,662,036	25,648,053
Total net debt applicable to limit				
Legal debt margin	\$ 26,535,721	\$ 25,733,760	\$ 25,662,036	\$ 25,648,053
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

2013	2014	2015	2016	2017	2018
\$ 677,670,315	\$ 693,882,411	\$ 715,256,461	\$ 749,194,282	\$ 787,460,650	\$ 860,755,629
25%	25%	25%	25%	25%	25%
169,417,579	173,470,603	178,814,115	187,298,571	196,865,163	215,188,907
15%	15%	15%	15%	15%	15%
25,412,637	26,020,590	26,822,117	28,094,786	29,529,774	32,278,336
<u>\$ 25,412,637</u>	<u>\$ 26,020,590</u>	<u>\$ 26,822,117</u>	<u>\$ 28,094,786</u>	<u>\$ 29,529,774</u>	<u>\$ 32,278,336</u>
0%	0%	0%	0%	0%	0%

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

<u>Year</u>	<u>Population <sup>(1)</sup></u>	<u>Personal Income Santa Barbara County (in thousands) <sup>(2)</sup></u>	<u>Per Capita Personal Income Santa Barbara County <sup>(3)</sup></u>	<u>Unemployment Rate Santa Barbara County <sup>(4)</sup></u>
2009	4,740	\$ 18,100,000	\$ 42,000	8.2%
2010	4,833	18,600,000	42,900	8.8%
2011	4,878	19,000,000	44,600	8.9%
2012	4,858	19,000,000	44,500	7.9%
2013	4,863	19,300,000	45,000	6.3%
2014	4,893	20,600,000	47,600	5.4%
2015	4,931	21,700,000	49,700	4.7%
2016	4,957	22,300,000	49,900	4.9%
2017	5,129	24,200,000	53,700	4.3%
2018	5,291	25,000,000	55,200	3.9%

**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:**

<sup>(1)</sup> State Department of Finance, numbers are based on January 1, 2018

<sup>(2)</sup> U.S. Dept. of Commerce Bureau of Economic Analysis.

<sup>(3)</sup> U.S. Dept. of Commerce Bureau of Economic Analysis.

<sup>(4)</sup> State of California Employment Development, as of June 2018

**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	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
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	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
- City Attorney *										
- Finance	4.00	3.00	3.00	3.00	3.00	3.28	4.05	3.55	3.55	3.55
Community Development										
- Planning	3.00	3.05	3.13	3.19	3.10	3.16	2.45	2.45	2.45	2.27
Culture and Leisure										
- Parks & Recreation	2.51	3.35	3.43	3.61	3.97	5.09	6.65	6.60	7.80	5.53
- Library **										
Public Safety										
- Police ***										
- Fire ****										
Public works										
- Street Lights										
- Engineering										
- General	7.00	6.09	6.53	7.40	7.00	9.05	8.80	8.80	8.80	8.61
<b>Total</b>	<b>23.51</b>	<b>22.49</b>	<b>23.09</b>	<b>24.20</b>	<b>24.07</b>	<b>27.58</b>	<b>28.95</b>	<b>28.40</b>	<b>29.60</b>	<b>26.96</b>

**Note:**

\* Starting in FY2009 the City Attorney is contract personnel .

\*\* The City of Buellton contracted with City of Santa Barbara 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	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Police *</b>										
- Arrests	339	429	313	260	231	147	127	107	176	172
- Non-criminal Citations	507	644	452	292	348	768	667	402	693	211
<b>Total Police Actions</b>	<b>846</b>	<b>1,073</b>	<b>765</b>	<b>552</b>	<b>579</b>	<b>915</b>	<b>794</b>	<b>509</b>	<b>869</b>	<b>383</b>
<b>Fire **</b>										
- Number of Calls for Service	NA	NA	167	526	777	538	796	479	577	602
- Emergency Call Responses	NA	NA	119	197	186	351	508	492	577	602
- Fire Prevention Activities	NA	NA	2	19	21	14	29	55	81	336
<b>Total Fire Actions</b>			<b>288</b>	<b>742</b>	<b>984</b>	<b>903</b>	<b>1,333</b>	<b>1,026</b>	<b>1,235</b>	<b>1,540</b>
<b>Planning Permits:</b>										
- Certificate of Compliance										
- Conditional Use		3	1		2	1		3		1
- Development Plan Modification	2						1	1	2	2
- Final Development Plan	3		1	2	1	5	3	2	3	2
- General Plan Amendment	3						3		1	
- Preliminary Development Plan					1					
- Home Occupation	5	1	2	5	3	4	7	7	7	6
- Land Use Exemption	78	35	42	49	48	68	63	87	77	110
- Lot Line Adjustment		1				2			3	1
- Minor Use Permit	2		1				1	2	1	
- Sign Ordinance Exemption	1			1	2		1	1	1	
- Specific Plan					1				1	
- Time Extensions	2				2	2				
- Tentative Parcel Map	1			1					1	1
- Tentative Tract Map						1		1	1	
- Variance										
- Zoning Clearance	54	39	37	42	41	27	38	69	75	63
- Zoning Ordinance Amendment	4	2	2	1		1	1	2		1
<b>Total planning actions</b>	<b>155</b>	<b>81</b>	<b>86</b>	<b>101</b>	<b>101</b>	<b>111</b>	<b>118</b>	<b>175</b>	<b>173</b>	<b>187</b>

\*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. FY2015 data is for July 2013 - Dec 2013 & Apr 2015 - June 2015

NA indicates the information is not available.

**Source:** City Finance, Public Works and Planning Departments

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

Function	2009	2010	2011	2012	2013
Police *:					
Stations	1	1	1	1	1
Fire *					
Fire stations	1	1	1	1	1
Public works					
Streets (miles)	22	22	22	22	22
Streetlights	50	50	64	64	64
Parks and recreation					
Parks	2	2	2	2	2
Sewer					
Sanitary sewers (miles)	18	18	18	18	18
Number of pump stations	2	2	2	2	2
Wastewater treatment plant	1	1	1	1	1
Water					
Water lines	27	27	27	27	27
Wells	5	5	5	5	5
Water treatment plants	2	2	2	2	2
Reservoirs	3	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

2014	2015	2016	2017	2018
1	1	1	1	1
1	1	1	1	1
22	22	22	22	22
64	64	64	64	91
4	4	4	4	4
18	18	18	18	18
2	2	2	2	2
1	1	1	1	1
27	27	27	27	27
5	5	5	5	5
2	2	2	2	2
3	3	3	3	3

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

	2009	2010	2011	2012
<b>Governmental-type</b>				
Land	\$ 1,118,648	\$ 1,118,648	\$ 1,536,248	\$ 1,536,248
Construction-in-progress	92,397			
Buildings and improvements	8,388,508	8,318,333	8,346,414	4,221,448
Equipment	292,115	306,543	392,039	385,766
Infrastructure	15,824,033	16,094,430	16,183,515	15,815,655
Total	<u>25,715,701</u>	<u>25,837,954</u>	<u>26,458,216</u>	<u>21,959,117</u>
<b>Accumulated depreciation</b>				
Total Accumulated depreciation	(8,558,186)	(9,275,200)	(10,013,178)	(4,555,664)
Total Governmental net capital assets	<u>17,157,515</u>	<u>16,562,754</u>	<u>16,445,038</u>	<u>17,403,453</u>
<b>Business-type Activities</b>				
Land	\$ 247,691	\$ 247,691	\$ 247,691	\$ 247,691
Construction-in-progress		88,645		
Buildings and improvements				574,387
Equipment	428,084	552,625	557,499	582,952
Infrastructure	10,065,452	10,116,246	10,968,077	10,729,454
Total	<u>10,741,227</u>	<u>11,005,207</u>	<u>11,773,267</u>	<u>12,134,484</u>
<b>Accumulated depreciation</b>				
Total accumulated depreciation	(5,589,314)	(5,908,365)	(6,242,860)	(6,571,046)
Total Business-type net capital assets	<u>\$ 5,151,913</u>	<u>\$ 5,096,842</u>	<u>\$ 5,530,407</u>	<u>\$ 5,563,438</u>

Source: City Finance Department

2013	2014	2015	2016	2017	2018
\$ 1,536,248	\$ 1,536,248	\$ 1,536,248	\$ 1,536,248	\$ 1,827,166	\$ 1,827,166
4,221,448	4,221,448	4,221,448	5,806,438	5,829,209	5,896,731
425,998	444,765	528,043	598,224	632,269	672,095
16,279,484	16,364,557	17,367,786	16,939,604	17,604,230	18,658,272
22,463,178	22,567,018	23,653,525	24,880,514	25,892,874	27,054,264
(4,812,370)	(5,067,910)	(5,501,416)	(5,919,701)	(6,390,256)	(6,885,318)
17,650,808	17,499,108	18,152,109	18,960,813	19,502,618	20,168,946
\$ 247,691	\$ 247,691	\$ 247,691	\$ 247,691	\$ 247,691	\$ 247,691
574,387	574,387	574,387	574,387	574,387	574,387
740,718	773,522	815,800	894,291	897,367	905,220
10,765,834	11,207,646	11,578,959	12,451,313	12,570,229	12,703,866
12,328,630	12,803,246	13,216,837	14,167,682	14,289,674	14,431,164
(6,908,230)	(7,247,635)	(7,643,835)	(8,090,871)	(8,645,646)	(9,125,584)
\$ 5,420,400	\$ 5,555,611	\$ 5,573,002	\$ 6,076,811	\$ 5,644,028	\$ 5,305,580

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