

CITY OF BUELLTON



QUARTERLY FINANCIAL REPORT

Third Quarter Ending March 31, 2020

May 14, 2020

Overview

The purpose of this financial report is to provide financial information for the City of Buellton. This report focuses on the third quarter of fiscal year 2019-20 and covers the period July 1, 2019 through March 31, 2020. The report is presented quarterly and concentrates on the General Fund and Enterprise Funds. The quarterly financial report presents the City's 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 larger economic events that may affect the City of Buellton. This quarterly financial report is a valuable tool to the Council, staff and general public.

U.S. Economy

The President of the U.S. declared a public health emergency on January 31, 2020 and issued an emergency declaration on March 13, 2020 in response to the COVID-19 pandemic. The declaration was issued to contain the spread of the virus. The pandemic is driving dramatic quick changes to the U.S. economy making financial forecasting difficult.

According to the Bureau of Labor Statistics (BLS), the unemployment rate rose .9 percent to 4.4 percent in March. The number of unemployed persons rose by 1.4 million to 7.1 million in March. The drastic increase reflects the effects of COVID-19 and efforts to contain it by social distancing. The employment category mostly affected by the pandemic is leisure and hospitality. Notable

declines also occurred in health care and social assistance, professional and business services, retail trade and construction.

According to the BLS, the consumer price index (CPI) declined 0.4 percent for the month of March, the largest monthly decline since January 2015. Over the last 12 months, the All Items index increased 1.5 percent. A sharp decline in gasoline index contributed to the decrease in CPI in addition to decrease in airline fares, lodging, and apparel.

In an effort to support the economy, the Federal Reserve expects to cut interest rates to near zero. The Federal Reserve Committee expects interest rates to remain low until the economy has weathered recent events and is on track to achieve its maximum employment and price stability goals.

State Economy

On March 19, 2020, the governor of California issued a stay at home order for all individuals, except as needed to maintain continuity of operations of the federal critical infrastructure sectors such as critical government services, school, childcare and construction.

California's unemployment rate increased by 1.4 percent to 5.3 percent in March marking an end to a 10-year employment growth streak. COVID-19 has shuttered nonessential businesses and has caused a pandemic-induced recession. The industries with the largest job losses were in Leisure & Hospitality, Other Services, Construction and Professional and Business Services.

According to the BLS, CPI in California declined 0.7 percent in March. The increase was influenced by lower prices for gasoline and apparel. Over the last 12 months, the CPI advanced 1.9 percent. Food prices rose 3.3 percent while energy prices declined 3.2 percent, largely due to the decrease in gasoline prices.

City of Buellton

The City’s General Fund ended the third quarter of 2019-20 with about \$9.9 Million in Cash Balance. Revenues reached 64 percent of budget while expenditures were within appropriations, ending the quarter at 66 percent. Generally, cash flow delays contribute to the cash flow shortage during the fiscal year and cash evens out by the end of the year.

The severity of the impact of COVID-19 on city revenues will rely on the length of the “Stay Well at Home” order. The City is heavily reliant on sales tax and transient taxes (TOT) which are the two revenue sources hardest hit by the pandemic. Because the shelter in place order wasn’t issued until the last two weeks in March, the effects of the pandemic will become apparent in the fourth quarter. Staff has been working with HDL to monitor and better understand what industries will be affected during this unprecedented time.

The City has a healthy reserve and can absorb any potential revenue loss it may face during this pandemic.

The Water Fund ended the quarter with a Fund Balance of about \$6.5 Million and \$3.5 Million in cash. Water Fund Operating revenues ended the quarter at 70 percent while expenditures were at 70 percent.

The Sewer Fund ended the quarter with a Fund Balance of \$3.2 Million and \$1.8 Million in cash. Wastewater operating revenue ended the quarter at 51 percent while expenditures were at 54 percent.

GENERAL FUND

General Fund Balance

Table 1 below shows that with 75 percent of the year complete, revenues are below projections at 64 percent while expenditures are under expected projections at 66 percent of appropriations. “Revenue versus budget” gaps are explained in the next paragraph.

General Fund - Fund Balance	Original Budget	Current Budget	Actual	Percent
Balance, at Start of Year	\$ 9,455,620	\$ 9,455,620	\$ 10,401,733	
Revenues *	9,130,888	9,268,813	5,889,818	64%
Expenditures *	(9,130,888)	(9,268,813)	(6,160,867)	66%
Balance, at End of Year	\$ 9,455,620	\$ 9,455,620	\$ 10,130,684	

* Includes Transfers for Capital Improvement Projects

Table 1: General Fund Balance

	Q3 FY 2019-20	Q3 FY 2018-19	Increase (Decrease)	Percent
Revenues:				
Taxes	\$ 5,081,566	\$ 5,067,487	\$ 14,079	0.28%
Fees and Permits	7,835	10,430	\$ (2,595)	-24.88%
Fines and Penalties	12,320	8,931	\$ 3,389	37.94%
Charges for Current Services	90,083	130,153	\$ (40,070)	-30.79%
Use of Monies and Properties	204,056	182,511	\$ 21,545	11.80%
Revenue from Other Agencies	415,758	252,308	\$ 163,450	64.78%
Other Revenue*	78,201	16,552	\$ 61,649	372.45%
Total Revenue	\$ 5,889,818	\$ 5,668,372	\$ 221,446	3.91%
Expenditures:				
General Government	\$ 5,217,472	\$ 4,923,576	\$ 293,896	5.63%
Transfers for Capital Outlay	\$ 920,281	\$ 133,773	\$ 786,508	85.46%
Minor Capital	23,114	3,539	19,575	84.69%
Total Expenditures	\$ 6,160,867	\$ 5,060,888	1,099,979	17.85%
Change in Fund Balance	\$ (271,049)	\$ 607,484	(878,533)	-144.62%

Table 2: Previous Year Comparison

* Misc. Revenue and Cost Reimbursements

Table 2 above provides summary comparison information on revenues and expenditures for the quarter ending March 31, 2020 versus the prior year quarter March 31, 2019. Further revenue and expenditure analysis will be discussed later in this report. Total revenues are higher in the current year by \$221,446, or 3.91%. The major cause of this variance is mainly due to the revenue from the Citizens Option for Public Safety (COPS) Grant issued by the State of California. The “Revenue from Other Agencies” category includes revenue from the COPS grant. In previous years, the County of Santa Barbara (County) has held those funds. Beginning July 1, 2019, those funds have been issued directly to the City of Buellton by the County on monthly intervals.

As of March 31, 2020, interest earnings year-to-date has increased about \$25,000 from the previous fiscal year. The City has invested about \$400,000 more in Certificate of Deposits (CDs) than the previous year resulting in higher interest earnings.

The “Other Revenue” category experienced a large increase due to a cost reimbursement of \$70,000 from the County of Santa Barbara for Capital Improvement Project (CIP) 092-306 Highway 246 and Sycamore pedestrian crossing improvement.

Expenditures are about \$1.1 Million more through the third quarter compared to the prior fiscal year. The increase in General Government expenditures is attributed to several factors. For example, full-time City employees received a 2.7 percent Cost-of-living adjustment (COLA) effective July 1, 2019. The COLA increased employee salaries and benefits by about \$53,000. In addition, as an additional benefit for all full-time employees, the City began contributing money to employees’ deferred compensation plan (DCP) which increased benefits by about \$25,000.

Other significant expenditure increases include contract increases for Library services and sheriff services. Expenditures experienced an approximate \$39,000 increase to the contract for Library services. An

approximate \$215,000 increase in the Santa Barbara County Sheriff’s contract was due to their new billing method for the Motor Deputy.

The majority of the increase in General Fund expenditures is in the Transfer for Capital Outlay category. The following are the most significant active Capital Improvements Project (CIP) expenditures:

- \$157,455 YTD for the Village Park Improvement Project #092-211
- \$124,157 YTD for the Avenue of Flags Median 2 Improvements Project #092-215
- \$457,903 YTD for the pedestrian crossing improvement at Sycamore and Highway 246 Project #092-306
- \$144,333 for the completion of the FY 2018/19 Road Maintenance Project #092-317

Top Five Revenues

Top Five Revenues	Original Budget	Current Budget	YTD Actual	Percent
Sales Tax	2,507,000	2,507,000	1,727,287	69%
TOT	2,974,800	2,974,800	2,253,747	76%
Property Tax	1,546,008	1,546,008	946,557	61%
MVLF Swap	489,536	517,374	258,687	50%
Franchise Fees	250,000	250,000	153,974	62%
Other Revenues*	1,363,544	1,473,631	534,658	36%
Total Revenues	9,130,888	9,268,813	5,874,910	63%

Table 3

*Other Revenues include charges for current Park and Recreation Services, Grants, Interest, Rent and transfer from Reserves.

Sales Tax

As of March 31, 2020, the City received 69 percent of the total projected Sales Tax revenue. Only July through February sales tax has been received. Payments are recorded when received and applied to the corresponding month of sales; usually payment is received from the State of California two months after the sales tax is collected. Sales Tax payments fluctuate each month in conjunction with seasonal flows. According to HDL forecasts, sales tax revenue will be 14.5 percent lower than budgeted as a result of the recessionary impact from the Coronavirus pandemic. HDL’s prediction assumes a stay at home order in place through the end of May 2020, and will reevaluate the forecast as more information is known about the progression of COVID-19 related events. A budget amendment may be necessary during the fourth quarter budget review.

Transient Occupancy Tax (TOT)

TOT revenue is a major component of the City’s General Fund. TOT payments for the reporting period are due on the 20th of the following month and cause revenue streams to lag one month. TOT revenue has been recorded through March 2020. The City received 76 percent of anticipated revenue at the end of the third quarter. Due to the stay at home order, hotels will experience dramatic loss in occupancy in the next three months left in the fiscal year. The City may experience about a 20 percent loss in TOT revenue. Staff will continue to reevaluate TOT forecast as more information becomes available about the progression of COVID-19 related effects. A budget amendment may be necessary during the fourth quarter budget review.

Property Tax

The City’s property tax revenues are at intervals set by the Santa Barbara County Auditor-Controller, usually in December and April. Property tax is below target at 61 percent due to the time lag. Rising property values,

commercial and residential growth are attributed to the increase in property taxes. In addition, the City's ongoing share of property tax is expected to increase as new development continues to progress adding to the City's property assessed value. Revenue from property tax is expected to meet its revenue target by the end of the fiscal year.

Property Tax in Lieu of Motor Vehicle License Fee (MVLFF Swap)

Payments for 2019-20 are expected to be on course with the budget. Payments from the Santa Barbara County Auditor-Controller are received throughout the year, usually January and June. This revenue is trending upwards based on historic receipts. The City has received 50 percent of the anticipated revenue and can expect to meet its revenue target by the end of the fiscal year.

Franchise Fees

Franchise fees are received monthly, quarterly and annually. The majority of the City's Franchise Fees are collected from Marborg Industries, the City's solid waste service provider. Other franchise fees are received from Comcast, PG&E and SoCal Gas. Franchise fees ended the quarter at 62 percent. This revenue source experiences time delays and is expected to be on target by the end of the fiscal year.

Top Five Revenues for the City of Buellton' General Fund are Sales Tax, Property Tax, Transient Occupancy Tax (TOT), Motor Vehicle License Fee (MVLFF) and Franchise Fees. These revenues account for about 91% of total General Fund Revenues.

Expenditures

Table 4 below summarizes operating costs by department and shows that four Budget Units are over budget. Overall, the General fund is within budget at the end of the third quarter for all departments in total.

Department Expenditures	Original Budget	Current Budget	YTD Actual	% Expended
City Council	136,153	136,153	95,550	70%
City Manager	240,809	277,613	207,217	75%
City Clerk	128,796	128,796	91,000	71%
City Attorney	175,000	175,000	159,780	91%
Non-Departmental	1,059,751	1,077,752	936,036	87%
Finance	194,831	194,831	145,912	75%
Police and Fire	2,019,440	2,021,576	1,638,894	81%
Library	203,321	203,321	199,137	98%
Recreation	563,485	613,485	393,764	64%
Street Lights	65,000	65,000	37,657	58%
Storm Water	330,660	330,660	225,842	68%
Public Works - Parks	387,750	428,435	275,256	64%
Public Works - Landscape	110,200	110,200	79,626	72%
Public Works - General	676,342	676,342	446,726	66%
Planning (Comm Dev)	640,850	631,149	308,189	49%
Transfer to CIP Fund 92	2,198,500	2,198,500	920,281	42%
Total All Departments	9,130,888	9,268,813	6,160,867	66%

Table 4: General Fund Expenditures by Department

As of March 31, 2020, or 75 percent of the year expended, the General Fund ended the quarter at 66 percent expended (including CIP). Actual General Fund expenditures were approximately \$6.1 Million. Almost all Budget Units ended the quarter within budget except for City Attorney, Non-Departmental, Police and Fire and Library. Even though these departments are over budget, the General Fund overall is within budget.

The City Attorney expenditures resulted in about \$20,000 more in attorney fees outside of its monthly retainer amount. Staff will continue to monitor these costs and may bring back a budget amendment request at the fourth quarter review.

The Non-Departmental budgetary unit includes one-time payments made annually in July. For example, insurance payments, CalPERS Accrued Unfunded Liability, support for community organizations and Senior Center support. These annual payments amount to approximately \$300,000. This budgetary unit is expected to even-out during the course of the fiscal year and is expected to be within budget.

The Police and Fire budget is slightly over budget at 81 percent expended. The City contract with the Santa Barbara County Sheriff’s Department and receives a monthly invoice for general contract services and for the motor deputy based on actual labor hours for the month. Staff will continue to monitor the latter invoices and adjust the budget if needed at the next budget amendment meeting.

The Library service contract is paid in July as a lump-sum for the entire fiscal year causing the department to nearly meet its budget. The Library department is expected to remain within budget at the end of the fiscal year.

Major Expenditure Variances

Expenditures By Type	Original Budget	Current Budget	YTD Actual	% Expended
Staffing	1,851,169	1,889,973	1,315,678	70%
Contract Services	3,665,085	3,724,770	2,788,630	75%
Telecomm and Utilities	278,100	278,100	212,512	76%
Supplies and Materials	29,535	29,535	18,723	63%
Repair and Maintenance	290,480	290,480	171,777	59%
Transfer to Other Funds	2,218,100	2,218,100	920,281	41%
Other Operating Costs	753,669	793,105	712,460	90%
Minor Capital	44,750	44,750	20,807	46%
Total by Type	9,130,888	9,268,813	6,160,869	66%

Table 5: Expenditure Categories

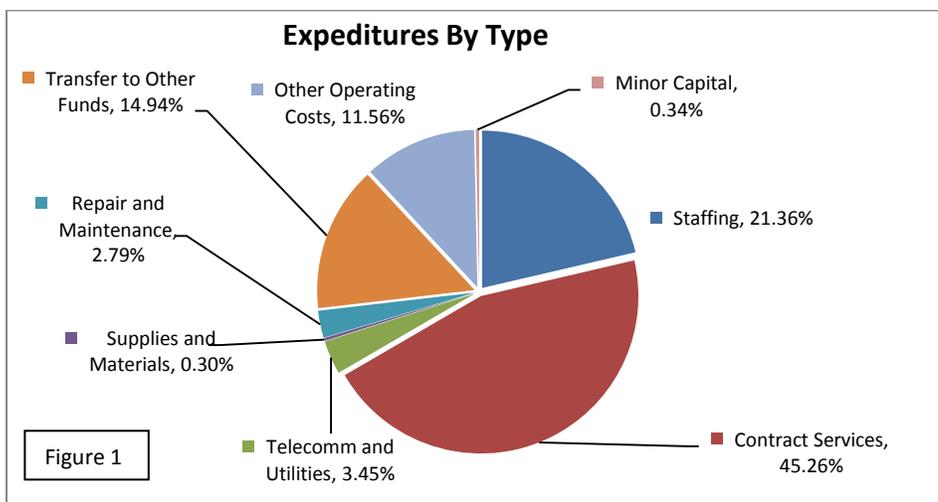


Table 5 and Figure 1 show General Fund operating costs and minor capital expenditures summarized by type. The top three spending categories are: Contract Services, Staffing, and Transfer to other Funds. Contract Services include services for Police, Fire Department, Legal Services, Engineering, landscaping services, Visitor Bureau’s services and other services. Staffing consists of 21 percent of general fund expenditures. The Transfer to Other Funds category consists of mostly transfers for capital improvement projects.

With 75 percent of the fiscal year completed, all budget categories are within budget with the exception of Other Operating costs. Other Operating Costs category is within 90 percent of its budget. These payments are annual payments due at the beginning of the fiscal year. This is expected to be within budget at the end of the fiscal year. Expenditures in this category consist of payments to non-profit organizations, payment for the CalPERS Unfunded Liability, Buellton Recreation expenditures, property, and liability and worker compensation insurance.

General Fund Trend

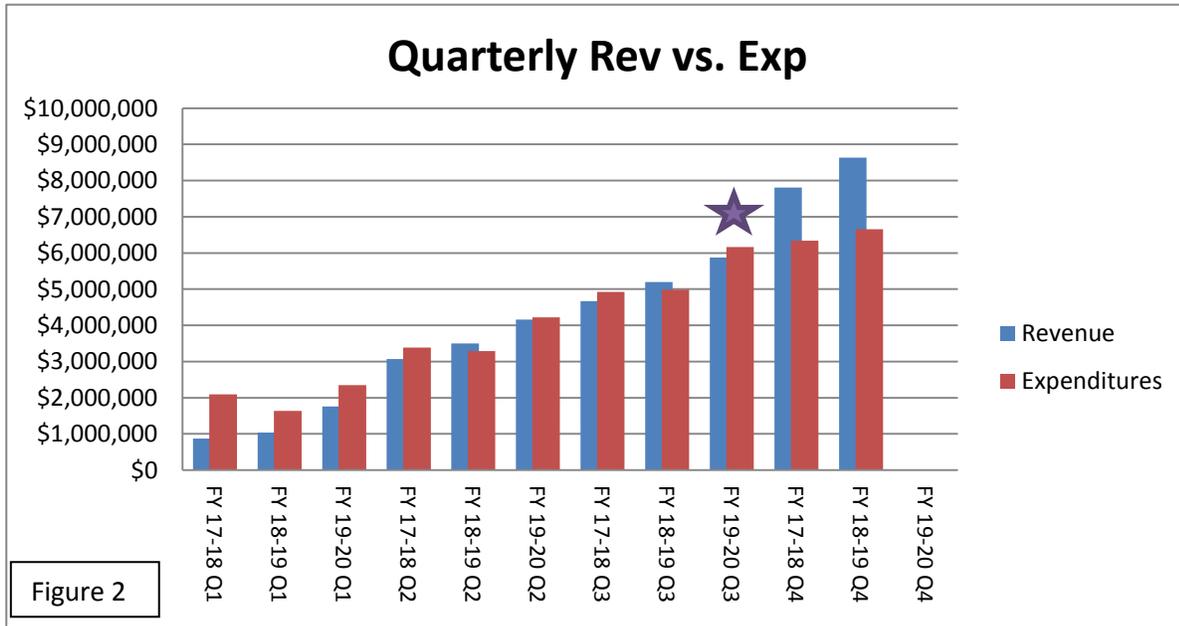


Figure 2

Figure 2 illustrates the Quarterly General Fund Revenue versus Expenditure Trend. As illustrated in the figure, revenue cash flows tend to lag a couple of quarters and exceed expenditures by the end of the fiscal year.

ENTERPRISE FUNDS

The Enterprise Fund Balance and Statement of Net Position for the third quarter of Fiscal Year 2019-20 are shown below.

Fund Balance Summary

Enterprise Fund Balance	Water	Water Capital	Wastewater	Wastewater Capital
Beginning Fund Balance	\$ 6,400,078	\$ 403,505	\$ 3,188,080	\$ 230,946
Operating Revenue	1,982,311	1,643	954,512	998
Operating Expenses	(1,830,467)	-	(816,945)	-
Operating Profit(Loss)	\$ 151,844	\$ 1,643	\$ 137,567	\$ 998
Ending Fund Balance	\$ 6,551,922	\$ 405,148	\$ 3,325,647	\$ 231,944

Table 6

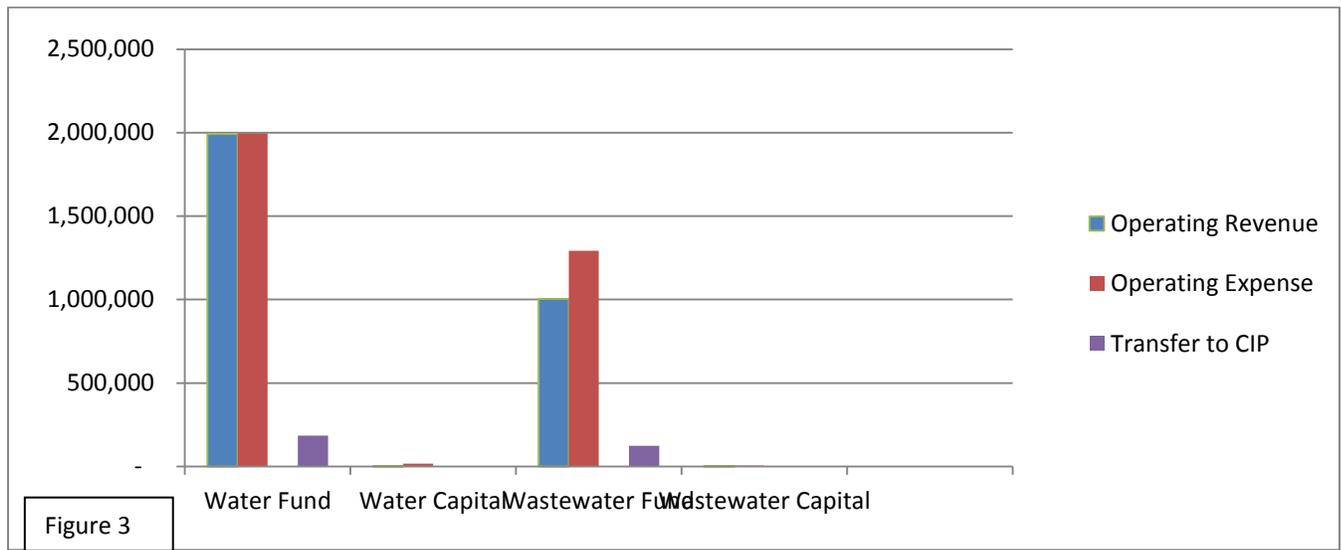
Note: Operating expenses exclude depreciation.

Table 6 illustrates the ending Fund Balance of each Enterprise Fund. All Enterprise Funds experienced an increase in Fund Balance. The change in Fund Balance is attributed to the excess or deficit of revenue over expenses. The Statement of Net Position (Table 7) illustrates total assets minus total liabilities for the period.

Statement of Net Position	Water	Water Capital	Wastewater	Wastewater Capital
ASSETS				
Current assets:				
Cash and Investments	3,599,291	193,359	1,823,507	117,398
Receivables	199,016	474	120,862	288
Inventory	35,458	-	-	-
Prepaid Items	324,095	-	6,136	-
Total current assets	4,157,860	193,833	1,950,505	117,686
Capital assets (net of accumulated depreciation)	2,901,941	211,315	1,902,300	114,258
Other assets	155,664	-	149,908	-
Total Assets:	\$ 7,215,465	\$ 405,148	\$ 4,002,714	\$ 231,944
LIABILITIES				
Current Liabilities	15,747	-	60,207	-
Noncurrent Liabilities	603,287	-	603,234	-
Other Liabilities	44,508	-	13,625	-
Total Liabilities:	\$ 663,543	\$ -	\$ 677,066	\$ -
NET POSITION (Assets - Liabilities)	\$ 6,551,922	\$ 405,148	\$ 3,325,647	\$ 231,944
Net Position Breakdown				
Net Investment in Capital Assets	2,901,941	211,315	1,902,300	114,258
Restricted for capital expansion	-	193,833	-	117,686
Unrestricted	3,649,981	-	1,423,347	-
Total Net Position	\$ 6,551,922	\$ 405,148	\$ 3,325,647	\$ 231,944

Table 7

Figure 3 summarizes Enterprise Fund revenue, expenses, connection fees and CIP transfers per fund:



Water Fund

Revenue and Expenses

Water Funds	Water	Water Capital	Total
Beginning Fund Balance	6,400,079	403,505	6,803,584
Revenues			
Charge for Services	1,951,388	-	1,951,388
Interest Income	28,431	1,643	30,074
Connection Fees	-	-	-
Total Operating Revenue	1,979,819	1,643	1,981,462
Other Revenues	2,491	-	2,491
Total Revenues	1,982,310	1,643	1,983,953
Expenses			
Operating	642,244	-	642,244
Depreciation*	165,000	18,000	183,000
State Water	875,519	-	875,519
Total Operating Expenses	1,682,763	18,000	1,700,763
Operating Profit(Loss)	299,547	(16,357)	283,190
Transfers Out - CIP	312,704	-	312,704
Transfers In - CIP	-	-	-
Ending Fund Balance	6,386,922	387,148	6,774,070

*Depreciation is estimated. Final depreciation will post at the end of fiscal year.

Table 8

Table 8 summarizes Revenue and Expenditures for the Water and Water Capital Funds. On the Financial Statements, both funds are combined as one fund. The Water Capital Fund is structured to record capital contributions and is used to record capital improvements. Water Capital will be discussed in detail later in this report.

Water Fund operating revenues have exceeded expenditures by \$151,844 at the end of the third quarter 2019-2020 (excludes Capital Improvement expenses). Per Generally Accepted Accounting Principles (GAAP),

capital items are expensed in the depreciation category. The amount spent on capital projects will be capitalized and will be shown on the Balance Sheet at the end of the fiscal year. As seen on Table 8, the Water Fund experienced an increase in Fund Balance, and the Water Capital Fund experienced a decrease in Fund Balance. The Water Fund is currently operating with a surplus compared to operating in a deficit for over a decade. The Water Fund ended the second quarter with approximately \$3.5 Million in cash (Table 7) and Fund Balance of approximately \$6.5 Million.

Table 9 illustrates the Water Fund budget to actuals. Charges for Services exceeded budget projections at 79 percent. The increase is attributed to the higher water consumptions in the months of July through September. Interest income also exceeded budget projections due to the interest earnings from additional certificate of deposits purchased during the year.

The Water Fund utilizes reserves to fund Capital Improvement projects (CIPs). The budgeted transfer out for CIPs for FY 2019-20 is \$380,680. Overall, Water Fund expenses were within budget at 70 percent expended.

Water Fund 020	Original Budget	Current Budget	YTD Actuals	Percent
Revenues				
Charge for Services	2,466,575	2,466,575	1,951,388	79%
Interest Income	24,000	24,000	28,431	118%
Total Operating Revenue	2,490,575	2,490,575	1,979,819	79%
Other Revenues	3,000	3,000	2,491	83%
Transfer from Reserves	352,971	352,971	-	0%
Total Revenues	2,846,546	2,846,546	1,982,310	70%
Expenses				
Operating	1,326,546	1,326,546	954,948	72%
Depreciation*	220,000	220,000	165,000	75%
State Water	1,300,000	1,300,000	875,519	67%
Total Expenses	2,846,546	2,846,546	1,995,467	70%
Net Surplus (Deficit)	-	-	(13,157)	
<i>Transfers for CIP**</i>	<i>(380,680)</i>	<i>(380,680)</i>	<i>(312,704)</i>	<i>82%</i>

*Estimated depreciation. Final depreciation will be calculated by the end of the fiscal year.
** For information purposes only, will be capitalized at the end of the fiscal year.

Table 9

Water Capital

Water Capital Fund records Connection Fees and CIP expenditures. The change in Fund Balance is due to planned expenditures for CIPs exceeding estimated Connection Fee revenue and offset by any existing Fund

Water Capital 021	Current Budget	YTD Actuals	Percent
Revenues			
Connection Fees	90,000	-	0%
Interest Income	3,320	1,643	49%
Transfers from Reserves	150,000	-	0%
Transfer In from Fund 020	380,680	-	0%
Total Revenue	624,000	1,643	0%
Expenses			
Depreciation	24,000	18,000	75%
Transfer to CIP Projects	600,000	-	0%
Total Expenditures	624,000	18,000	3%

Table 10

Balance. The Fund Balance at the end of the third quarter is about \$405,000 (Table 7). In accordance with Generally Accepted Accounting Principles (GAAP), capital expenditures are not recorded as expenditures; rather, depreciation expense is recorded over each asset's useful life. Table 10 illustrates the Water Capital budget to actuals.

Wastewater

Wastewater and Wastewater Capital Funds	Wastewater	Wastewater Capital	Wastewater Total
Beginning Fund Balance	3,188,079	230,946	3,419,025
Revenues			
Charge for Services	939,466	-	939,466
Interest Income	15,046	998	16,044
Connection Fees*	-	-	-
Total Operating Revenue	954,512	998	955,510
Other Revenues	-	-	-
Total Revenues	954,512	998	955,510
Expenses			
Operating	693,523	-	693,523
Depreciation**	206,250	17,187	223,437
Total Operating Expenses	899,773	17,187	916,960
Operating Profit(Loss)	54,739	(16,189)	38,550
Transfers Out - CIP	123,422	-	123,422
Transfers In - CIP	-	-	-
Ending Fund Balance	3,119,396	214,757	3,334,153

** Depreciation is expensed at the end of the fiscal year after Capital Assets have been capitalized.

Table 11

Revenue and Expenses

Table 11 summarizes Revenue and Expenditures for the Wastewater and Wastewater Capital Funds. On the Financial Statements, both funds are combined as one fund. The Wastewater Capital Fund is structured to record capital contributions and used to record capital improvements. Wastewater Capital will be discussed in detail later in this report.

Wastewater Fund Operating expenses exceeded operating revenue causing the Wastewater fund to experience a net operating surplus of \$137,567 in the third quarter of 2019-20 (excluding Capital Improvement Project expenses which will be recorded in the Wastewater Capital Fund). The previous years' operating loss has begun to slowly reverse since the last rate increases occurred. The Wastewater Fund ended the quarter with about \$1.8 Million in cash (Table 7) and Fund Balance of approximately \$3.3 Million. The Wastewater Fund experienced an increase in Fund Balance, and the Wastewater Capital Fund experienced a decrease in Fund Balance.

Table 12 on the following page illustrates the Wastewater Fund budget to actuals. Charges for Services exceeded budget projections at 78 percent Interest income also exceeded budget projections due to the interest earnings from additional certificate of deposits purchased during the year.

The Wastewater Fund utilizes reserves to fund Capital Improvement Projects (CIPs). The budgeted transfer out for CIPs for FY 2019-20 is \$537,803. Overall, the Wastewater Fund expenses are within budget at 55 percent.

Sewer Fund 005	Original Budget	Current Budget	YTD Actuals	Percent
Revenues				
Charge for Services	1,204,850	1,204,850	939,466	78%
Interest Income	13,000	13,000	15,046	116%
Total Operating Revenue	1,217,850	1,217,850	954,512	78%
Other Revenues	-	-	-	0%
Transfer from Reserves	475,419	650,419	-	0%
Total Revenues	1,693,269	1,868,269	954,512	51%
Expenses				
Operating	1,418,269	1,593,269	816,945	51%
Depreciation**	275,000	275,000	206,250	75%
Total Operating Expenses	1,693,269	1,868,269	1,023,195	55%
Net Surplus (Deficit)	-	-	(68,683)	
<i>Transfers for CIP*</i>	<i>(362,803)</i>	<i>(537,803)</i>	<i>(123,422)</i>	<i>23%</i>

** For Informational purposes. Will be capitalized at the end of the fiscal year.*

*** Depreciation is estimated. Final depreciation will be calculated at the end of the fiscal year.*

Table 12

Wastewater Capital

Wastewater Capital Fund records Connection Fees and CIP expenditures. The change in Fund Balance is due to planned expenditures for CIPs exceeding estimated Connection Fee revenue and offset by any existing Fund Balance. The Fund Balance at the end of the third quarter is \$231,944 (Table 7). In accordance with Generally Accepted Accounting Principles (GAAP), capital expenditures are not recorded as expenditures; rather, depreciation expense is recorded over each asset's useful life. Table 13 below illustrates the Wastewater Capital budget to actuals.

Wastewater Capital 006	Current Budget	YTD Actuals	Percent
Revenues			
Connection Fees	58,000	-	0%
Interest Income	2,113	998	47%
Transfers from Reserves	50,000	-	0%
Transfer In from Fund 005	537,803	-	0%
Total Revenue	647,916	998	0%
Expenses			
Depreciation	22,916	17,187	75%
Transfer to CIP Projects	625,000	-	0%
Total Expenses	647,916	17,187	3%

Table 13



Capital Improvement Budget Report

Third Quarter Summary

For Fiscal: 2019-2020 Period Ending: 3/31/2020

	Original Total Budget	Current Total Budget	Fiscal Activity	Variance Favorable (Unfavorable)	Percent Used
Fund: 092 - Capital Improvement Project Fund					
Funding Source					
092-49726	Transfer from Gas Tax Fund	237,575.00	237,575.00	85,760.26	36.10%
092-49727	Transfer from General Fund	2,198,500.00	2,198,500.00	920,280.89	41.86%
092-49728	Transfer from Measure A	482,425.00	582,425.00	354,853.58	60.93%
092-49729	Transfer from Sewer Fund	450,000.00	625,000.00	124,102.74	19.86%
092-49732	Transfer from Water Fund	600,000.00	600,000.00	312,704.92	52.12%
092-49733	Transfer from Local Trans Fund	70,000.00	120,000.00	98,805.00	82.34%
	Funding Source Total:	4,038,500.00	4,363,500.00	1,896,507.39	43.46%

Expense

Project: 102 - Storm Drain Outfall Repairs and Re-Establishment

092-102-74100	Construction and Improvements	40,000.00	40,000.00	0.00	40,000.00	0.00%
	Project: 102 - Total:	40,000.00	40,000.00	0.00	40,000.00	0.00%

Status: Project not yet ready for bid.

Project: 201 - Facilities Maintenance and Painting

092-201-74100	Construction and Improvements	50,000.00	50,000.00	0.00	50,000.00	0.00%
	Project: 201 - Total:	50,000.00	50,000.00	0.00	50,000.00	0.00%

Status: Project will be removed. Expenditure can be absorbed under the operating budget.

Project: 207 - Santa Ynez River Trail

092-207-70000	Conceptual Plan and Feasibility	50,000.00	50,000.00	5,000.00	50,000.00	0.00%
	Project: 207 - Total:	50,000.00	50,000.00	5,000.00	50,000.00	0.00%

Status: Project not yet started.

Project: 211 - Village Park Improvements

092-211-74100	Construction and Improvements	216,000.00	216,000.00	157,454.82	58,545.18	72.90%
	Project: 211 - Total:	216,000.00	216,000.00	157,454.82	58,545.18	72.90%

Status: Council accepted park improvements on 10/10/19. Punchlist items pending, 1-year maintenance period starts on 10/10/19.

		Original Total Budget	Current Total Budget	Fiscal Activity	Variance Favorable (Unfavorable)	Percent Used
Project: 214 - City Hall Generator/Electrical Replacement						
092-214-74100	Construction and Improvement	40,000.00	40,000.00	0.00	40,000.00	0.00%
Project: 214 -Total:		40,000.00	40,000.00	0.00	40,000.00	0.00%

Status: Project has not yet started.

		Original Total Budget	Current Total Budget	Fiscal Activity	Variance Favorable (Unfavorable)	Percent Used
Project: 215 - Avenue of Flags Specific Plan-Phase 1						
092-215-70000	Conceptual Plan and Feasibility	75,000.00	75,000.00	0.00	75,000.00	0.00%
092-215-70005	Design and Permitting	125,000.00	125,000.00	120,869.52	4,130.48	96.70%
092-215-74100	Construction and Improvements	0.00	0.00	3,287.22	-3,287.22	0.00%
Project: 215 Total:		200,000.00	200,000.00	124,156.74	75,843.26	62.08%

Status: Project has had bid opening on 1/28/2020. Award of construction contract to Council on 2/13/2020. Project currently under construction. Budget amendments from award will be reflected in the Budget Amendment Resolution 20-XX.

		Original Total Budget	Current Total Budget	Fiscal Activity	Variance Favorable (Unfavorable)	Percent Used
Project: 217 - River View Park Basketball Court Resurfacing						
092-217-74100	Construction and Improvement	80,000.00	80,000.00	0.00	80,000.00	0.00%
Project: 217 - Total:		80,000.00	80,000.00	0.00	80,000.00	0.00%

Status: Project preliminary work has commenced by staff.

		Original Total Budget	Current Total Budget	Fiscal Activity	Variance Favorable (Unfavorable)	Percent Used
Project: 218 - River View and Oak Park Facilities Painting						
092-218-74100	Construction and Improvement	25,000.00	25,000.00	0.00	25,000.00	0.00%
Project: 218 - Total:		25,000.00	25,000.00	0.00	25,000.00	0.00%

Status: Project will be removed. Expenditure can be absorbed under the operating budget.

		Original Total Budget	Current Total Budget	Fiscal Activity	Variance Favorable (Unfavorable)	Percent Used
Project: 306 - Phase III Hwy 246/Sycamore Ped Xing						
092-306-71500	Project Management and Inspections	90,000.00	90,000.00	64,825.04	25,174.96	72.03%
092-306-74100	Construction and Improvements	580,000.00	580,000.00	392,077.97	187,922.03	67.60%
Project: 306 - Total:		670,000.00	670,000.00	456,903.01	213,096.99	68.19%

Status: Project is in construction.

		Original Total Budget	Current Total Budget	Fiscal Activity	Variance Favorable (Unfavorable)	Percent Used
Project: 307 - McMurray Road Widening						
092-307-70005	Design and Permitting	50,000.00	50,000.00	24,923.54	25,076.46	49.85%
092-307-71200	Right of Way Acquisition	150,000.00	150,000.00	0.00	150,000.00	0.00%
Project: 307 -Total:		200,000.00	200,000.00	24,923.54	175,076.46	12.46%

Status: Project is in design and Appraiser has started work.

		Original Total Budget	Current Total Budget	Fiscal Activity	Variance Favorable (Unfavorable)	Percent Used
Project: 308 - North Park and Ride						
092-308-70005	Design and Permitting	50,000.00	100,000.00	96,805.00	3,195.00	96.81%
Project: 308 - Total:		50,000.00	100,000.00	96,805.00	3,195.00	96.81%

Status: Project is in design.

Project: 311 - Industrial Way Street Lights						
092-311-70005	Design and Permitting	82,500.00	82,500.00	12,793.00	69,707.00	15.51%
Project: 311 - Total:		82,500.00	82,500.00	12,793.00	69,707.00	15.51%

Status: Project is in design. PG&E completed their portion with increased cost estimate. Council direction has changed to solar lighting as of their 11/14/19 meeting.

Project: 314 - SD inlet/Catch Basin Retrofit Improvements						
092-314-74100	Construction and Improvements	150,000.00	150,000.00	479.79	149,520.21	0.32%
Project: 314 - Total:		150,000.00	150,000.00	479.79	149,520.21	0.32%

Status: Contract awarded on 3/26/20. Project is under construction.

Project: 315 - Ave of Flags/Drainage Improvements						
092-315-74100	Construction and Improvements	140,000.00	140,000.00	0.00	140,000.00	0.00%
Project: 315 - Total:		140,000.00	140,000.00	0.00	140,000.00	0.00%

Status: Project is in design with Median 2. Unused funds from his project will be transferred to Project #215 to cover costs for construction management and inspections.

Project: 317 - Road Maintenance Project 18/19						
092-317-71500	Project Management and Inspections	70,000.00	70,000.00	69,855.00	145.00	99.79%
092-317-74100	Construction and Improvements	400,000.00	500,000.00	491,643.42	8,356.58	98.33%
Project: 317 - Total:		470,000.00	570,000.00	561,498.42	8,501.58	98.51%

Status: Project is complete.

Project: 318 - Road Maintenance Project FY 19/20						
092-318-70005	Design and Permitting	75,000.00	75,000.00	19,685.41	55,314.59	26.25%
092-318-71500	Project Management and Inspections	75,000.00	75,000.00	0.00	75,000.00	0.00%
092-318-74100	Construction and Improvement	325,000.00	325,000.00	0.00	325,000.00	0.00%
Project: 318 - Total:		475,000.00	475,000.00	19,685.41	475,000.00	4.14%

Status: Construction contract awarded on 3/26/20. Project is under construction.

		Original Total Budget	Current Total Budget	Fiscal Activity	Variance Favorable (Unfavorable)	Percent Used
Project: 401 - Miscellaneous River View Park Improvements						
092-401-74100	Construction and Improvements	50,000.00	50,000.00	0.00	50,000.00	0.00%
	Project: 401 - Total:	50,000.00	50,000.00	0.00	50,000.00	0.00%

Status: Design/layout for Pump Track has commenced.

Project: 603 - WTP Facilities Improvement						
092-603-74100	Construction and Improvements	150,000.00	150,000.00	5,690.89	144,309.11	3.79%
	Project: 603 - Total:	150,000.00	150,000.00	5,690.89	144,309.11	3.79%

Status: Project is under construction.

Project: 607 - Water Meter Upgrades						
092-607-74100	Construction and Improvements	100,000.00	100,000.00	71,683.63	28,316.37	71.68%
	Project: 607 - Total:	100,000.00	100,000.00	71,683.63	28,316.37	71.68%

Status: Preliminary field work and arborist assessment commenced in March 2020.

Project: 608 - WTP Booster Power Reliability						
092-608-74100	Construction and Improvements	200,000.00	200,000.00	164,656.05	200,000.00	82.33%
	Project: 608 - Total:	200,000.00	200,000.00	164,656.05	200,000.00	82.33%

Status: Project is under construction.

Project: 609 - Supplemental Well/WTP Feasibility						
092-609-70000	Conceptual Plan & Feasibility	50,000.00	50,000.00	0.00	50,000.00	0.00%
	Project: 609 - Total:	50,000.00	50,000.00	0.00	50,000.00	0.00%

Status: Project has not yet started.

Project: 610 - Water Distribution System Improvements						
092-610-74100	Construction and Improvements	100,000.00	100,000.00	70,674.35	100,000.00	70.67%
	Project: 610 - Total:	100,000.00	100,000.00	70,674.35	100,000.00	70.67%

Status: Project is under construction.

	Original Total Budget	Current Total Budget	Fiscal Activity	Variance Favorable (Unfavorable)	Percent Used
Project: 704 - Sewer Line Replacement					
092-704-70005 Design and Permitting	0.00	75,000.00	78,254.31	-3,254.31	104.34%
092-704-71500 Project Management and Inspection	0.00	50,000.00	0.00	50,000.00	0.00%
092-704-74100 Construction and Improvements	150,000.00	200,000.00	0.00	200,000.00	0.00%
Project: 704 - Total:	150,000.00	325,000.00	78,254.31	246,745.69	24.08%

Status: Project is in design.

	Original Total Budget	Current Total Budget	Fiscal Activity	Variance Favorable (Unfavorable)	Percent Used
Project: 706 - WWTP Facilities Improvement					
092-706-74100 Construction and Improvements	300,000.00	300,000.00	45,848.43	254,151.57	15.28%
Project: 706 - Total:	300,000.00	300,000.00	45,848.43	254,151.57	15.28%

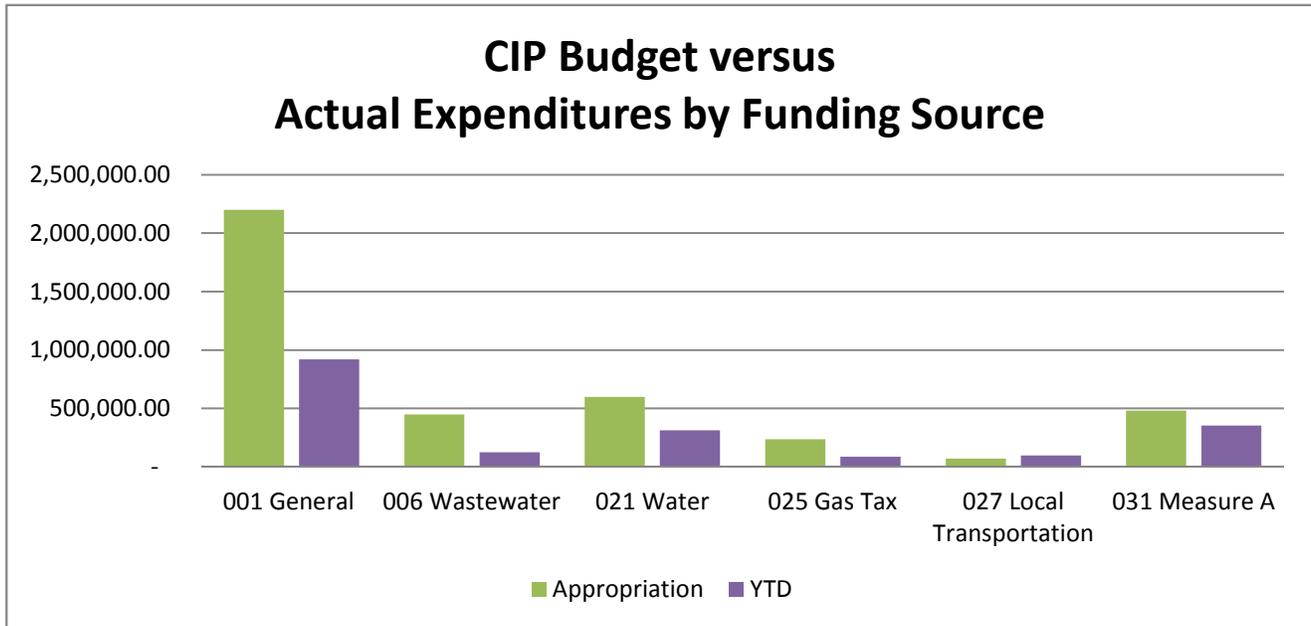
Status: Project is under construction.

Fund 092 - Capital Improvement Project Fund Totals:	4,038,500.00	4,363,500.00	1,896,507.39	2,466,992.61	43.46%
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Fund Balance Analysis - Capital Improvement Project (CIP) Funding Sources (2019-20)

Fund	6-30-2019 Fund Equity	FY 2019-20 YTD Operating Revenue	FY 2019-20 YTD Operating Expenditures	FY 2019-20 YTD CIP Funding	Est. 3-31-20 Fund Equity	Change in Fund
001 General Fund	10,401,733.46	2,889,917.92	5,240,586.11	920,280.89	7,130,784.38	(3,270,949.08)
005 Wastewater	3,188,079.16	954,511.82	692,842.26	124,102.74	3,325,645.98	137,566.82
006 Wastewater Capital	230,946.11	997.56	-	-	231,943.67	997.56
020 Water	6,400,079.38	-	1,517,762.08	312,704.92	4,569,612.38	(1,830,467.00)
021 Water Capital	403,504.96	1,643.02	-	-	405,147.98	1,643.02
025 Gas Tax	307,781.68	252,129.89	34,334.00	85,760.26	439,817.31	132,035.63
027 Local Transportation	323,882.03	5,508.56	14,999.94	98,805.00	215,585.65	(108,296.38)
031 Measure A	493,699.39	301,719.09	-	354,853.58	440,564.90	(53,134.49)
Total Funding:	\$ 21,749,706.17	\$ 4,406,427.86	\$ 7,500,524.39	\$ 1,896,507.39	\$ 16,759,102.25	\$ (4,990,603.92)

Capital Improvement Project (CIP) Analysis



The Capital Improvement Plan includes completion of current projects, new investments and important reinvestments in critical infrastructure projects. The CIP budget includes line item details explaining expenditures and funding source. The bar graph above illustrates that the CIPs in progress are within budgeted amounts.

Projects that have not commenced or are not expected to be completed during the current fiscal year may be carried forward to the next fiscal year. Some of these projects are currently in their initial planning stages and design phases, or these projects may have little no expenditures associated with them but future expenditures are anticipated.

The following projects are currently in the design and planning phase:

- Avenue of Flags Median 2, River View Park Basketball Court Resurfacing, McMurray Road Widening, North Park and Ride, Storm Drain Inlet/Catch Basin Retrofit Improvement, Industrial Street Lights, Avenue of Flags /Drainage Improvement, Road Maintenance Project 2019/20, Sewer Line Replacement

The following projects are currently under construction or near completion:

- Village Park, Phase III Highway 246/Sycamore Pedestrian Xing, Water Treatment Facilities Improvement, Water Treatment Booster Power Reliability, Water Distribution System Improvements and Wastewater Facilities Improvement

The Road Maintenance Project 2018/19 was completed in September 2019.