

# CITY OF BUELLTON



## QUARTERLY FINANCIAL REPORT

First Quarter Ending September 30, 2019

November 14, 2019

### Overview

The purpose of this financial report is to provide financial information for the City of Buellton. This report focuses on the first quarter of fiscal year 2019-20 and covers the period July 1, 2019 through September 30, 2019. 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 U.S. economy continues to grow but at a steadier pace. The slowdown comes from trade uncertainty and fears of an economic slowdown which has forced interest rate cuts twice this year. According to the Bureau of Economic Analysis, real gross domestic product (GDP) increased at an annual rate of 1.9 percent, down slightly from 2 percent in the second quarter. During the third quarter, consumer spending index (CPI) grew to 1.7 percent. Increases in the indexes for shelter and food were offset by declines in energy and used vehicles. Government spending grew at a 2 percent rate.

In September 2019, unemployment rate in the U.S. fell to 3.5 percent, hitting the lowest level in 50 years. The biggest challenge businesses face is

finding skilled labor which makes it difficult to hire and expand business operations.

### State Economy

California's unemployment rate fell to 4.0 percent in September, setting a new record low. The job gains contribute to a record job expansion in California of 115 months, surpassing the long expansion of the 1960s. Gains were concentrated in the professional and business service industry. CPI in California increased from 2.5 to 3.0 percent from August 2019 to September 2019. The increase was influenced by higher prices for gasoline and apparel.

According to Zillow, September median home price in California came in at \$558,000. That is 1 percent higher than the past year, and it is predicted to increase 1.7 percent within the next year.

### City of Buellton

The City's General Fund ended the first quarter of 2019-20 with about \$9.8 Million in Fund Balance. Revenues reached 19 percent of budget while expenditures were slightly above appropriations, ending the quarter at 26 percent. The General Fund experiences delay in cash flows during the first quarter of the fiscal year and is expected to even-out as the year progresses.

The Water Fund ended the quarter with a Fund Balance of about \$6.5 Million and \$3.0 Million in cash. Water Fund Operating revenues ended the quarter at 31 percent while expenditures were at 23 percent. The Sewer Fund ended the quarter with a Fund Balance of \$3.2 Million and \$1.7 Million in cash. Wastewater operating revenue ended the quarter at 28 percent while expenditures were at 21 percent.

**GENERAL FUND**

**General Fund Balance**

Table 1 below shows that with 25 percent of the year complete, revenues are below projections at 19 percent while expenditures are slightly over expected projections at 26 percent of appropriations. “Revenue versus budget” gaps are explained in the next paragraph.

<b>General Fund - Fund Balance</b>	<b>Original Budget</b>	<b>Current Budget</b>	<b>Actual</b>	<b>Percent</b>
Balance, at Start of Year	\$ 9,455,620	\$ 9,455,620	\$ 10,401,733	
Revenues *	9,130,888	9,130,888	1,764,068	19%
Expenditures *	(9,130,888)	(9,130,888)	(2,351,228)	26%
Balance, at End of Year	<u>\$ 9,455,620</u>	<u>\$ 9,455,620</u>	<u>\$ 9,814,574</u>	

\* Includes Transfers

**Table 1: General Fund Balance**

	<b>Q1 FY 2019-20</b>	<b>Q1 FY 2018-19</b>	<b>Increase (Decrease)</b>	<b>Percent</b>
<b>Revenues:</b>				
Taxes	\$ 1,554,810	\$ 1,203,358	\$ 351,452	29%
Fees and Permits	7,135	4,905	2,230	45%
Fines and Penalties	4,637	3,596	1,041	29%
Charges for Current Services	36,030	35,196	834	2%
Other Revenue*	161,456	68,326	93,130	136%
<b>Total Revenue</b>	<u>\$ 1,764,068</u>	<u>\$ 1,315,381</u>	<u>\$ 448,687</u>	<u>34%</u>
<b>Expenditures:</b>				
General Government	\$ 2,346,620	\$ 1,900,057	\$ 446,563	19.03%
Minor Capital	4,608	2,094	2,514	55%
<b>Total Expenditures</b>	<u>\$ 2,351,228</u>	<u>\$ 1,902,150</u>	<u>449,078</u>	<u>19.1%</u>
<b>Change in Fund Balance</b>	<u>\$ (587,160)</u>	<u>\$ (586,769)</u>	<u>(391)</u>	<u>0%</u>

**Table 2: Previous Year Comparison**

\* Includes Use of Monies and Properties, Revenue from Other Agencies

Table 2 above provides summary comparison information on revenues and expenditures for the quarter ending September 30, 2019 versus the prior year quarter September 30, 2018. Further revenue and expenditure analysis will be discussed later in this report. Total revenues are higher in the current year by about \$449,000, or 34%. The major cause of this variance is due to timing of cash flows. Last year, only July 2018 sales tax was recorded while the current report shows two months of sales tax revenue. Transient Occupancy tax is about \$83,000 more this quarter compared to the same quarter last year. During the month of July, occupancy rates reached 85% compared to 77% the prior year during the same month. The “Other Revenue” category includes the Citizens Option for Public Safety Grant issued by the State of California. In previous years, the County of Santa Barbara has held those funds. Beginning July 1, 2019, those funds have been issued directly to the City of Buellton by the County.

As of September 30, 2019, the interest from the Local Agency Investment Fund (LAIF) was 2.45% compared to a 2.16% interest rate from the prior year quarter. Interest earnings year-to-date have increased about \$27,000 from the previous fiscal year.

Expenditures are about \$448,000 more this first quarter compared to the prior fiscal year. The increase in 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.

Other significant expenditures include:

- An approximate \$39,000 increase to the contract for Library services.
- \$58,057 year-to-date (YTD) expenditures towards design of Ave of Flags Median 2.
- \$185,706 YTD expenditures for Sycamore Pedestrian Xing project.
- \$133,997 YTD expenditures for the 2018/19 Road Maintenance Project.

**Top Five Revenues**

Top Five Revenues	Original Budget	Current Budget	YTD Actual	Percent
Sales Tax	2,507,000	2,507,000	470,128	19%
TOT	2,974,800	2,974,800	1,017,377	34%
Property Tax	1,546,008	1,546,008	28,217	2%
MVLF Swap	489,536	489,536	-	0%
Franchise Fees	250,000	250,000	39,088	16%
Other Revenues*	1,363,544	1,363,544	209,258	15%
<b>Total Revenues</b>	<b>9,130,888</b>	<b>9,130,888</b>	<b>1,764,068</b>	<b>19%</b>

Table 3

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

**Sales Tax**

As of September 30, 2019, the City received 19 percent of the total projected Sales Tax revenue. Only July and August’s 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. Strong revenue streams from local taxes are anticipated and revenue from sales tax is expected to be within target by the end of the fiscal year.

**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 20<sup>th</sup> of the following month and cause revenue streams to lag one month. TOT revenue has been recorded through September 2019. The City expects TOT revenue to perform within budgeted levels with total revenue at 34 percent at the end of the first quarter. The increase is attributed to the higher occupancy rates during the Summer Season.

**Property Tax**

The City’s property tax revenues are at intervals set by the Santa Barbara County Auditor-Controller, usually in December and April. 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.

**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.

**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 16 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 fourth quarter for all departments in total.

Department Expenditures	Original Budget	Current Budget	YTD Actual	% Expended
City Council	136,153	136,153	31,908	23%
City Manager	240,809	240,809	70,365	29%
City Clerk	128,796	128,796	29,289	23%
City Attorney	175,000	175,000	35,873	20%
Non-Departmental	1,059,751	1,059,751	492,118	46%
Finance	194,831	194,831	48,743	25%
Police and Fire	2,019,440	2,019,440	505,908	25%
Library	203,321	203,321	195,324	96%
Recreation	563,485	563,485	139,704	25%
Street Lights	65,000	65,000	8,988	14%
Storm Water	330,660	330,660	31,367	9%
Public Works - Parks	387,750	387,750	108,266	28%
Public Works - Landscape	110,200	110,200	18,392	17%
Public Works - General	676,342	676,342	162,043	24%
Planning (Comm Dev)	640,850	640,850	86,981	14%
Transfer to CIP Fund 92	2,198,500	2,198,500	385,958	18%
<b>Total All Departments</b>	<b>9,130,888</b>	<b>9,130,888</b>	<b>2,351,228</b>	<b>26%</b>

Table 4: General Fund Expenditures by Department

As of September 30, 2019, or 25 percent of the year expended, the General Fund ended the quarter at 26 percent expended (including CIP). Actual General Fund expenditures were approximately \$2.3 Million. Almost all Budget Units ended the quarter within budget except for City Manager, Non-Departmental, Library and Public Works-Parks. Even though these departments are over budget, the General Fund is within budget.

The City Manager Department will require a budget amendment. The salaries and benefits for the City Manager will be increased to reflect the amounts on the approved contract on June 13, 2019.

The Non-Departmental budgetary unit includes one-time payments made annually. 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 Library service contract is paid 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.

The Public Works – Parks budget is slightly over budget due to annual grant contributions paid in July. The City contributes \$18,000 to PAWS Park and \$14,000 to the Santa Ynez Valley Botanic Garden. Expenditures within this department are expected to be within budget.

**Major Expenditure Variances**

Expenditures By Type	Original Budget	Current Budget	YTD Actual	% Expended
Staffing	1,851,169	1,851,169	453,190	24%
Contract Services	3,665,085	3,665,085	965,523	26%
Telecomm and Utilities	278,100	278,100	82,793	30%
Supplies and Materials	29,535	29,535	7,548	26%
Repair and Maintenance	290,480	290,480	86,125	30%
Transfer to Other Funds	2,218,100	2,218,100	385,958	17%
Other Operating Costs	753,669	753,669	365,482	48%
Minor Capital	44,750	44,750	4,608	10%
<b>Total by Type</b>	<b>9,130,888</b>	<b>9,130,888</b>	<b>2,351,228</b>	<b>26%</b>

Table 5: Expenditure Categories

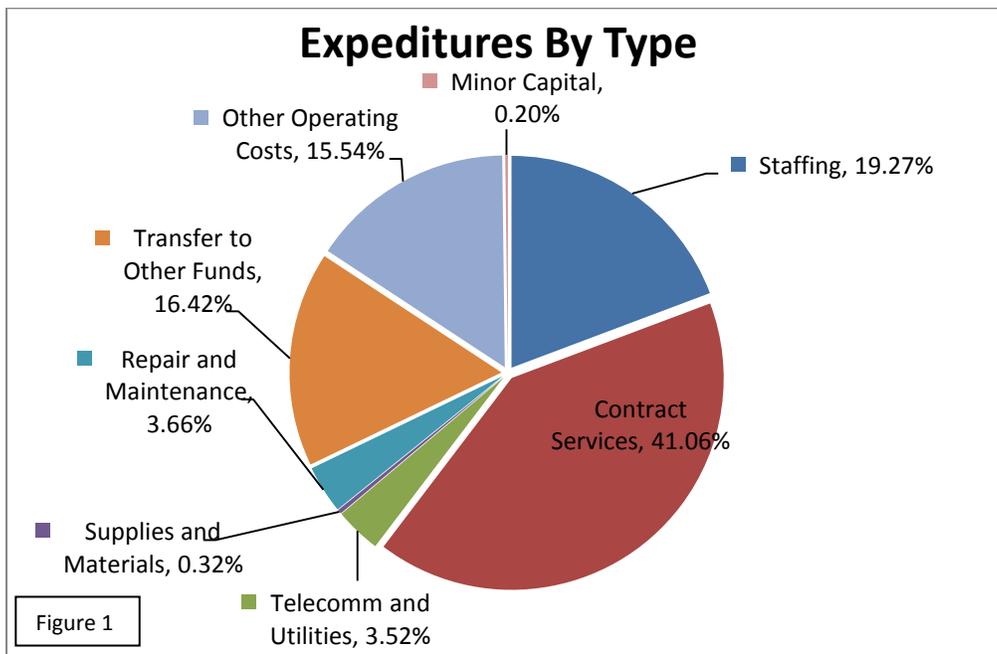


Table 5 and Figure 1 show General Fund operating costs and minor capital expenditures summarized by type. The top three spending categories are: Contract Services, Staffing, and Transfer to other Funds. Contract Services include services for Police, Fire Department, Legal Services, Engineering, landscaping services, Visitor Bureau’s services and other services. Staffing consists of 20 percent of general fund expenditures. The Transfer to Other Funds category consists of mostly transfers for capital improvement projects.

With 25 percent of the fiscal year completed, all budget categories are within budget with the exception of Telecomm and Utilities, Repair and Maintenance, and Other Operating Costs. The Telecomm and Utilities overage resulted from water usage costs at City parks and various irrigation meters. Historically, water usage

tends to be higher during the months of July through September. Water usage is expected to decrease as temperatures begin to drop, and this expenditure category is expected to be within budget.

The Repair and Maintenance expenditure category is within 30 percent of its budget as a result of costs associated with the installation of solar lighting at Avenue of Flags and painting the light poles. Expenditures in this category type are expected to end the fiscal year within budget.

Other Operating Costs category is within 48 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**

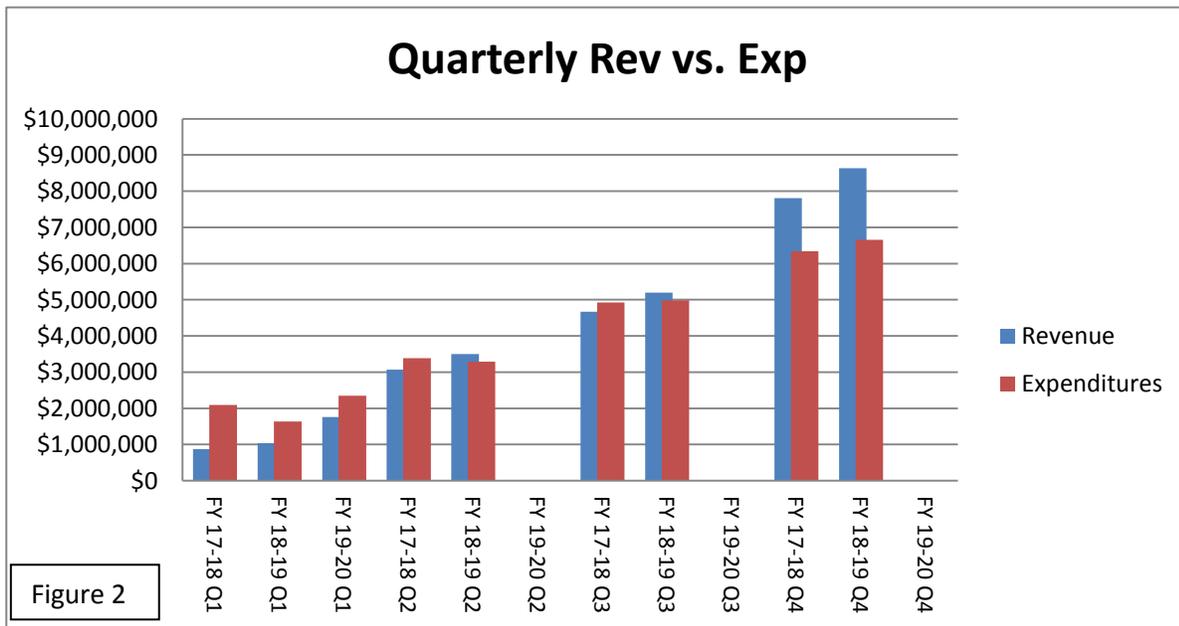


Figure 2

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 first quarter of Fiscal Year 2019-20 are shown below.

**Fund Balance Summary**

Enterprise Fund Balance	Water	Water Capital	Wastewater	Wastewater Capital
<b>Beginning Fund Balance</b>	<b>\$ 6,400,078</b>	<b>\$ 403,505</b>	<b>\$ 3,188,080</b>	<b>\$ 230,946</b>
Operating Revenue	766,025	596	343,406	362
Operating Expenses	(605,137)	-	(288,138)	-
<b>Operating Profit(Loss)</b>	<b>\$ 160,888</b>	<b>\$ 596</b>	<b>\$ 55,268</b>	<b>\$ 362</b>
<b>Ending Fund Balance</b>	<b>\$ 6,560,966</b>	<b>\$ 404,101</b>	<b>\$ 3,243,348</b>	<b>\$ 231,308</b>

Table 6

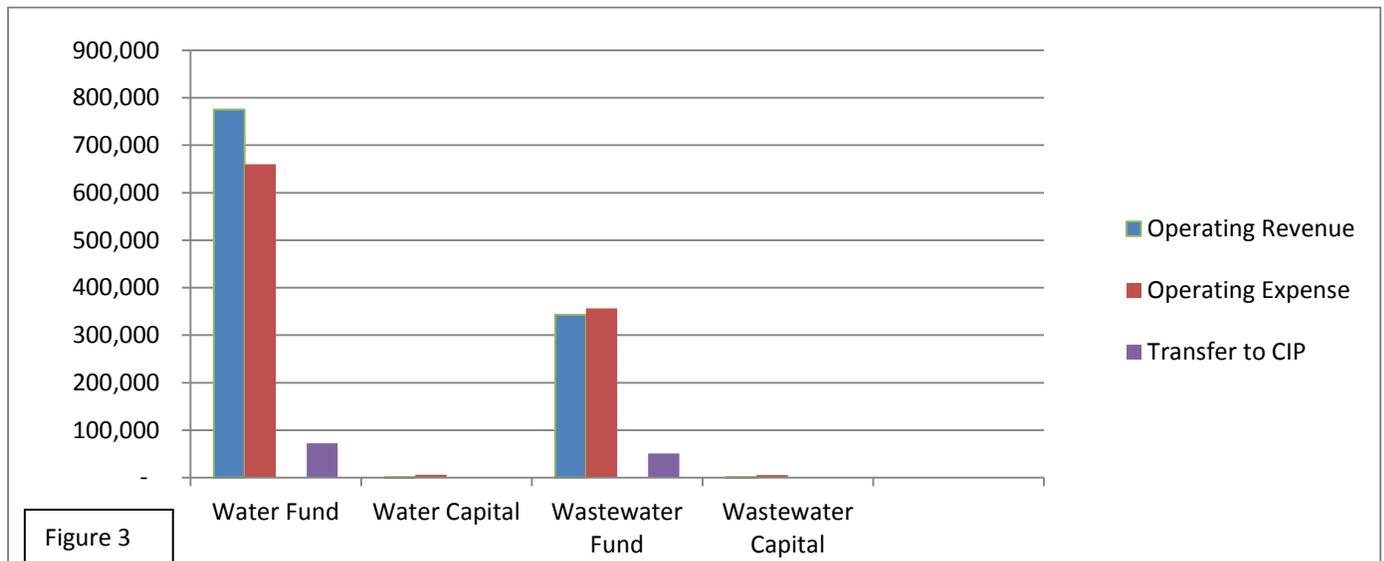
Note: Operating expenses exclude depreciation.

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
<b>ASSETS</b>				
Current assets:				
Cash and Investments	3,045,727	192,190	1,705,257	116,688
Receivables	247,271	596	123,108	362
Inventory	35,458	-	-	-
Prepaid Items	843,383	-	6,136	-
Total current assets	4,171,839	192,786	1,834,502	117,050
Capital assets (net of accumulated depreciation)	2,901,941	211,315	1,902,300	114,258
Other assets	155,664	-	149,908	-
<b>Total Assets:</b>	<b>\$ 7,229,444</b>	<b>\$ 404,101</b>	<b>\$ 3,886,710</b>	<b>\$ 231,308</b>
<b>LIABILITIES</b>				
Current Liabilities	65,190	-	26,503	-
Noncurrent Liabilities	579,547	-	603,234	-
Other Liabilities	23,740	-	13,625	-
<b>Total Liabilities:</b>	<b>\$ 668,477</b>	<b>\$ -</b>	<b>\$ 643,362</b>	<b>\$ -</b>
<b>NET POSITION (Assets - Liabilities)</b>	<b>\$ 6,560,966</b>	<b>\$ 404,101</b>	<b>\$ 3,243,348</b>	<b>\$ 231,308</b>
<b>Net Position Breakdown</b>				
Net Investment in Capital Assets	2,901,941	211,315	1,902,300	114,258
Unrestricted	3,659,025	192,786	1,341,047	117,050
Total Net Position	\$ 6,560,966	\$ 404,101	\$ 3,243,348	\$ 231,308

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
<b>Beginning Fund Balance</b>	<b>6,400,079</b>	<b>403,505</b>	<b>6,803,584</b>
<b>Revenues</b>			
Charge for Services	755,531	-	755,531
Interest Income	9,433	596	10,029
Connection Fees	-	-	-
<b>Total Operating Revenue</b>	<b>764,964</b>	<b>596</b>	<b>765,560</b>
Other Revenues	1,061	-	1,061
<b>Total Revenues</b>	<b>766,025</b>	<b>596</b>	<b>766,620</b>
<b>Expenses</b>			
Operating	321,168	-	321,168
Depreciation**	55,000	6,000	61,000
State Water	283,969	-	283,969
<b>Total Operating Expenses</b>	<b>660,136</b>	<b>6,000</b>	<b>666,136</b>
<b>Operating Profit(Loss)</b>	<b>105,888</b>	<b>(5,404)</b>	<b>100,484</b>
Transfers Out - CIP			
Transfers In - CIP			-
<b>Ending Fund Balance</b>	<b>6,505,967</b>	<b>398,101</b>	<b>6,904,068</b>

\*\* 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 over \$463,000 at the end of the first quarter 2019-2020 (excludes Capital Improvement expenses). As seen on Table 8, the Water Fund experienced an increase in Fund Balance while the Water Capital Funds 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 first quarter with approximately \$2.6 Million in cash (Table 7) and Fund Balance of approximately \$6.4 Million.

Table 9 illustrates the Water Fund budget to actuals. Charges for Services exceeded budget projections at 31 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 LAIF earnings of 2.45 percent.

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 23 percent expended.

Water Fund 020	Original Budget	Current Budget	YTD Actuals	Percent
<b>Revenues</b>				
Charge for Services	2,466,575	2,466,575	755,531	31%
Interest Income	24,000	24,000	9,433	39%
<b>Total Operating Revenue</b>	<b>2,490,575</b>	<b>2,490,575</b>	<b>764,965</b>	<b>31%</b>
Other Revenues	3,000	3,000	1,060	0%
Transfer from Reserves	352,971	352,971	-	0%
<b>Total Revenues</b>	<b>2,846,546</b>	<b>2,846,546</b>	<b>766,025</b>	<b>27%</b>
<b>Expenses</b>				
Operating	1,326,546	1,326,546	321,168	24%
Depreciation*	220,000	220,000	55,000	25%
State Water	1,300,000	1,300,000	283,969	22%
<b>Total Expenses</b>	<b>2,846,546</b>	<b>2,846,546</b>	<b>660,137</b>	<b>23%</b>
Transfers for CIP**	(380,680)	(380,680)	(72,551)	19%

*\*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 Balance. The Fund Balance at the end of the first quarter is about \$403,000 (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 below illustrates the Water Capital budget to actuals.

Water Capital 021	Current Budget	YTD Actuals	Percent
<b>Revenues</b>			
Connection Fees	90,000	-	0%
Interest Income	3,320	596	
Transfers from Reserves	150,000	-	
Transfer In from Fund 020	380,680	-	0%
<b>Total Revenue</b>	<b>624,000</b>	<b>596</b>	<b>0%</b>
<b>Expenses</b>			
Depreciation	24,000	6,000	-
Transfer to CIP Projects	600,000	-	0%
<b>Total Expenditures</b>	<b>624,000</b>	<b>6,000</b>	<b>1%</b>

Table 10

## Wastewater

Wastewater and Wastewater Capital Funds	Wastewater	Wastewater Capital	Wastewater Total
<b>Beginning Fund Balance</b>	<b>3,188,079</b>	<b>230,946</b>	<b>3,419,025</b>
<b>Revenues</b>			
Charge for Services	338,017	-	338,017
Interest Income	5,390	362	5,751
Connection Fees*	-	-	-
Total Operating Revenue	343,406	362	343,768
Other Revenues	-	-	-
<b>Total Revenues</b>	<b>343,406</b>	<b>362</b>	<b>343,768</b>
<b>Expenses</b>			
Operating	288,138	-	288,138
Depreciation**	68,750	5,729	74,479
Total Operating Expenses	356,888	5,729	362,617
<b>Operating Profit(Loss)</b>	<b>(13,482)</b>	<b>(5,367)</b>	<b>(18,849)</b>
Transfers Out - CIP	-	-	-
Transfers In - CIP	-	-	-
<b>Ending Fund Balance</b>	<b>3,174,598</b>	<b>225,579</b>	<b>3,400,176</b>

\*\* 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 deficit of \$18,849 in the first 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 \$1.6 Million in cash (Table 7) and Fund Balance of approximately \$3.2 Million. Both the Wastewater Fund and Wastewater Capital Fund experienced a slight decrease in Fund Balance.

Table 12 on the following page illustrates the Wastewater Fund budget to actuals. Charges for Services exceeded budget projections at 28 percent. Interest income has also exceeded revenue projections due to the fourth quarter LAIF earnings of 2.45 percent.

The Wastewater Fund utilizes reserves to fund Capital Improvement Projects (CIPs). The budgeted transfer out for CIPs for FY 2019-20 is \$362,803. Overall, the Wastewater Fund expenses are within budget at 21 percent.

<b>Sewer Fund 005</b>	<b>Original Budget</b>	<b>Current Budget</b>	<b>YTD Actuals</b>	<b>Percent</b>
<b>Revenues</b>				
Charge for Services	1,204,850	1,204,850	338,017	28%
Interest Income	13,000	13,000	5,390	41%
<b>Total Operating Revenue</b>	<b>1,217,850</b>	<b>1,217,850</b>	<b>343,406</b>	<b>28%</b>
Other Revenues	-	-	-	0%
Transfer from Reserves	475,419	475,419	-	0%
<b>Total Revenues</b>	<b>1,693,269</b>	<b>1,693,269</b>	<b>343,406</b>	<b>20%</b>
<b>Expenses</b>				
Operating	1,418,269	1,418,269	288,138	20%
Depreciation**	275,000	275,000	68,750	25%
<b>Total Operating Expenses</b>	<b>1,693,269</b>	<b>1,693,269</b>	<b>356,888</b>	<b>21%</b>
Transfers for CIP*	(362,803)	(362,803)	(50,824)	14%

\*\* 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 first quarter is \$230,946 (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.

<b>Wastewater Capital 006</b>	<b>Current Budget</b>	<b>YTD Actuals</b>	<b>Percent</b>
<b>Revenues</b>			
Connection Fees	58,000	-	0%
Interest Income	2,113	362	0%
Transfers from Reserves	50,000	-	-
Transfer In from Fund 005	362,803	-	0%
<b>Total Revenue</b>	<b>472,916</b>	<b>362</b>	<b>0%</b>
<b>Expenses</b>			
Depreciation	22,916	5,729	-
Transfer to CIP Projects	450,000	-	0%
<b>Total Expenses</b>	<b>472,916</b>	<b>5,729</b>	<b>1%</b>

Table 13



# Capital Improvement Budget Report

## First Quarter Summary

For Fiscal: 2019-2020 Period Ending: 09/30/2019

		Original Total Budget	Current Total Budget	Fiscal Activity	Variance Favorable (Unfavorable)	Percent Used
<b>Fund: 092 - Capital Improvement Project Fund</b>						
<b>Funding Source</b>						
<a href="#">092-49726</a>	Transfer from Gas Tax Fund	237,575.00	237,575.00	71,763.73	165,811.27	30.21%
<a href="#">092-49727</a>	Transfer from General Fund	2,198,500.00	2,198,500.00	385,958.29	1,812,541.71	17.56%
<a href="#">092-49728</a>	Transfer from Measure A	482,425.00	482,425.00	218,820.69	263,604.31	45.36%
<a href="#">092-49729</a>	Transfer from Sewer Fund	450,000.00	450,000.00	50,824.12	399,175.88	11.29%
<a href="#">092-49732</a>	Transfer from Water Fund	600,000.00	600,000.00	72,550.89	527,449.11	12.09%
<a href="#">092-49733</a>	Trsr from Local Trans Fund	70,000.00	70,000.00	56,047.50	13,952.50	80.07%
	<b>Funding Source Total:</b>	<b>4,038,500.00</b>	<b>4,038,500.00</b>	<b>855,965.22</b>	<b>3,182,534.78</b>	<b>21.20%</b>

**Expense**

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

<a href="#">092-102-74100</a>	Construction and Improvements	40,000.00	40,000.00	0.00	40,000.00	0.00%
	<b>Project: 102 - Total:</b>	<b>40,000.00</b>	<b>40,000.00</b>	<b>0.00</b>	<b>40,000.00</b>	<b>0.00%</b>

Status: Project not yet ready for bid.

**Project: 201 - Facilities Maintenance and Painting**

<a href="#">092-201-74100</a>	Construction and Improvements	50,000.00	50,000.00	0.00	50,000.00	0.00%
	<b>Project: 201 - Total:</b>	<b>50,000.00</b>	<b>50,000.00</b>	<b>0.00</b>	<b>50,000.00</b>	<b>0.00%</b>

Status: Project not yet started.

**Project: 207 - Santa Ynez River Trail**

<a href="#">092-207-70000</a>	Conceptual Plan and Feasibility	50,000.00	50,000.00	0.00	50,000.00	0.00%
	<b>Project: 207 - Total:</b>	<b>50,000.00</b>	<b>50,000.00</b>	<b>0.00</b>	<b>50,000.00</b>	<b>0.00%</b>

Status: Project not yet started.

**Project: 211 - Village Park Improvements**

<a href="#">092-211-74100</a>	Construction and Improvements	216,000.00	216,000.00	0.00	216,000.00	0.00%
	<b>Project: 211 - Total:</b>	<b>216,000.00</b>	<b>216,000.00</b>	<b>0.00</b>	<b>216,000.00</b>	<b>0.00%</b>

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
<b>Project: 214 - City Hall Generator/Electrical Replacement</b>					
<a href="#">092-214-74100</a> Construction and Improvement	40,000.00	40,000.00	0.00	40,000.00	0.00%
<b>Project: 214 - Total:</b>	<b>40,000.00</b>	<b>40,000.00</b>	<b>0.00</b>	<b>40,000.00</b>	<b>0.00%</b>

Status: Project has not yet started.

<b>Project: 215 - Avenue of Flags Specific Plan-Phase 1</b>					
<a href="#">092-215-70000</a> Conceptual Plan and Feasibility	75,000.00	75,000.00	0.00	75,000.00	0.00%
<a href="#">092-215-70005</a> Design and Permitting	125,000.00	125,000.00	58,057.34	66,942.66	46.45%
<b>Project: 215 - Total:</b>	<b>200,000.00</b>	<b>200,000.00</b>	<b>58,057.34</b>	<b>141,942.66</b>	<b>29.03%</b>

Status: Project design is at 65%.

<b>Project: 217 - River View Park Basketball Court Resurfacing</b>					
<a href="#">092-217-74100</a> Construction and Improvement	80,000.00	80,000.00	0.00	80,000.00	0.00%
<b>Project: 217 - Total:</b>	<b>80,000.00</b>	<b>80,000.00</b>	<b>0.00</b>	<b>80,000.00</b>	<b>0.00%</b>

Status: Project has not yet started.

<b>Project: 218 - River View and Oak Park Facilities Painting</b>					
<a href="#">092-218-74100</a> Construction and Improvement	25,000.00	25,000.00	0.00	25,000.00	0.00%
<b>Project: 218 - Total:</b>	<b>25,000.00</b>	<b>25,000.00</b>	<b>0.00</b>	<b>25,000.00</b>	<b>0.00%</b>

Status: Project has not yet started.

<b>Project: 306 - Phase III Hwy 246/Sycamore Ped Xing</b>					
<a href="#">092-306-71500</a> Project Management and Inspections	90,000.00	90,000.00	24,131.00	65,869.00	26.81%
<a href="#">092-306-74100</a> Construction and Improvements	580,000.00	580,000.00	161,575.20	418,424.80	27.86%
<b>Project: 306 - Total:</b>	<b>670,000.00</b>	<b>670,000.00</b>	<b>185,706.20</b>	<b>484,293.80</b>	<b>27.72%</b>

Status: Project is in construction.

<b>Project: 307 - McMurray Road Widening</b>					
<a href="#">092-307-70005</a> Design and Permitting	50,000.00	50,000.00	11,913.54	38,086.46	23.83%
<a href="#">092-307-71200</a> Right of Way Acquisition	150,000.00	150,000.00	0.00	150,000.00	0.00%
<b>Project: 307 - Total:</b>	<b>200,000.00</b>	<b>200,000.00</b>	<b>11,913.54</b>	<b>188,086.46</b>	<b>5.96%</b>

Status: Project is in design.

		Original Total Budget	Current Total Budget	Fiscal Activity	Variance Favorable (Unfavorable)	Percent Used
<b>Project: 308 - North Park and Ride</b>						
<a href="#">092-308-70005</a>	Design and Permitting	50,000.00	50,000.00	56,047.50	-6,047.50	112.10%
<b>Project: 308 - Total:</b>		<b>50,000.00</b>	<b>50,000.00</b>	<b>56,047.50</b>	<b>-6,047.50</b>	<b>112.10%</b>

Status: Project is in design. A budget amendment will be required to increase costs to address Caltrans comments.

<b>Project: 311 - Industrial Way Street Lights</b>						
<a href="#">092-311-70005</a>	Design and Permitting	82,500.00	82,500.00	1,050.00	81,450.00	1.27%
<b>Project: 311 - Total:</b>		<b>82,500.00</b>	<b>82,500.00</b>	<b>1,050.00</b>	<b>81,450.00</b>	<b>1.27%</b>

Status: Project is in design.

<b>Project: 314 - SD inlet/Catch Basin Retrofit Improvements</b>						
<a href="#">092-314-74100</a>	Construction and Improvements	150,000.00	150,000.00	0.00	150,000.00	0.00%
<b>Project: 314 - Total:</b>		<b>150,000.00</b>	<b>150,000.00</b>	<b>0.00</b>	<b>150,000.00</b>	<b>0.00%</b>

Status: Project is not yet ready to bid.

<b>Project: 315 - Ave of Flags/Drainage Improvements</b>						
<a href="#">092-315-74100</a>	Construction and Improvements	140,000.00	140,000.00	0.00	140,000.00	0.00%
<b>Project: 315 - Total:</b>		<b>140,000.00</b>	<b>140,000.00</b>	<b>0.00</b>	<b>140,000.00</b>	<b>0.00%</b>

Status: Project is in design with Median 2.

<b>Project: 317 - Road Maintenance Project 18/19</b>						
<a href="#">092-317-71500</a>	Project Management and Inspections	70,000.00	70,000.00	62,102.00	7,898.00	88.72%
<a href="#">092-317-74100</a>	Construction and Improvements	400,000.00	400,000.00	357,713.63	42,286.37	89.43%
<b>Project: 317 - Total:</b>		<b>470,000.00</b>	<b>470,000.00</b>	<b>419,815.63</b>	<b>50,184.37</b>	<b>89.32%</b>

Status: Project is complete and will have Notice of Completion at 11/14/19 City Council Meeting. A budget amendment will be required to account for the total construction cost of about \$457,000.

<b>Project: 318 - Road Maintenance Project FY 19/20</b>						
<a href="#">092-318-70005</a>	Design and Permitting	75,000.00	75,000.00	0.00	75,000.00	0.00%
<a href="#">092-318-71500</a>	Project Management and Inspections	75,000.00	75,000.00	0.00	75,000.00	0.00%
<a href="#">092-318-74100</a>	Construction and Improvement	325,000.00	325,000.00	0.00	325,000.00	0.00%
<b>Project: 318 - Total:</b>		<b>475,000.00</b>	<b>475,000.00</b>	<b>0.00</b>	<b>475,000.00</b>	<b>0.00%</b>

Status: Project has not yet started.

		Original Total Budget	Current Total Budget	Fiscal Activity	Variance Favorable (Unfavorable)	Percent Used
<b>Project: 401 - Miscellaneous River View Park Improvements</b>						
<a href="#">092-401-74100</a>	Construction and Improvements	50,000.00	50,000.00	0.00	50,000.00	0.00%
<b>Project: 401 - Total:</b>		<b>50,000.00</b>	<b>50,000.00</b>	<b>0.00</b>	<b>50,000.00</b>	<b>0.00%</b>

Status: Project has not yet started.

<b>Project: 603 - WTP Facilities Improvement</b>						
<a href="#">092-603-74100</a>	Construction and Improvements	150,000.00	150,000.00	5,690.89	144,309.11	3.79%
<b>Project: 603 - Total:</b>		<b>150,000.00</b>	<b>150,000.00</b>	<b>5,690.89</b>	<b>144,309.11</b>	<b>3.79%</b>

Status: Project is under construction.

<b>Project: 607 - Water Meter Upgrades</b>						
<a href="#">092-607-74100</a>	Construction and Improvements	100,000.00	100,000.00	0.00	100,000.00	0.00%
<b>Project: 607 - Total:</b>		<b>100,000.00</b>	<b>100,000.00</b>	<b>0.00</b>	<b>100,000.00</b>	<b>0.00%</b>

Status: Project has not yet started.

<b>Project: 608 - WTP Booster Power Reliability</b>						
<a href="#">092-608-74100</a>	Construction and Improvements	200,000.00	200,000.00	0.00	200,000.00	0.00%
<b>Project: 608 - Total:</b>		<b>200,000.00</b>	<b>200,000.00</b>	<b>0.00</b>	<b>200,000.00</b>	<b>0.00%</b>

Status: Project is under construction.

<b>Project: 609 - Supplemental Well/WTP Feasibility</b>						
<a href="#">092-609-70000</a>	Conceptual Plan & Feasibility	50,000.00	50,000.00	0.00	50,000.00	0.00%
<b>Project: 609 - Total:</b>		<b>50,000.00</b>	<b>50,000.00</b>	<b>0.00</b>	<b>50,000.00</b>	<b>0.00%</b>

Status: Project has not yet started.

<b>Project: 610 - Water Distribution System Improvements</b>						
<a href="#">092-610-74100</a>	Construction and Improvements	100,000.00	100,000.00	66,860.00	100,000.00	66.86%
<b>Project: 610 - Total:</b>		<b>100,000.00</b>	<b>100,000.00</b>	<b>66,860.00</b>	<b>100,000.00</b>	<b>66.86%</b>

Status: Project is under construction.

		Original Total Budget	Current Total Budget	Fiscal Activity	Variance Favorable (Unfavorable)	Percent Used
<b>Project: 704 - Sewer Line Replacement</b>						
<a href="#">092-704-70005</a>	Design and Permitting	0.00	0.00	43,896.04	-43,896.04	0.00%
<a href="#">092-704-74100</a>	Construction and Improvements	150,000.00	150,000.00	0.00	150,000.00	0.00%
<b>Project: 704 - Total:</b>		<b>150,000.00</b>	<b>150,000.00</b>	<b>43,896.04</b>	<b>106,103.96</b>	<b>29.26%</b>

Status: Project is in design. A budget amendment is required since the original budget did not have appropriations for design and permitting.

		Original Total Budget	Current Total Budget	Fiscal Activity	Variance Favorable (Unfavorable)	Percent Used
<b>Project: 706 - WWTP Facilities Improvement</b>						
<a href="#">092-706-74100</a>	Construction and Improvements	300,000.00	300,000.00	6,928.08	293,071.92	2.31%
<b>Project: 706 - Total:</b>		<b>300,000.00</b>	<b>300,000.00</b>	<b>6,928.08</b>	<b>293,071.92</b>	<b>2.31%</b>

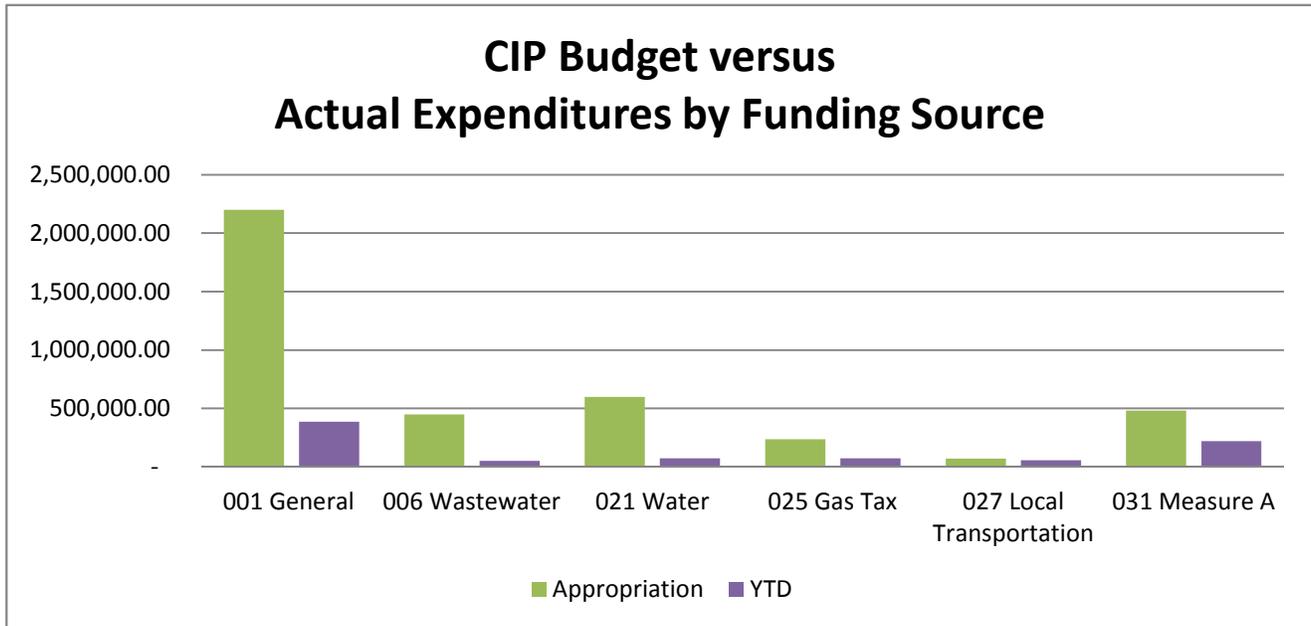
Status: Project is under construction.

<b>Fund 092 - Capital Improvement Project Fund Totals:</b>	<b>4,038,500.00</b>	<b>4,038,500.00</b>	<b>855,965.22</b>	<b>3,182,534.78</b>	<b>21.20%</b>
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**Fund Balance Analysis - Capital Improvement Project (CIP) Funding Sources (2019-20)**

Fund	Est. 6-30-2019 Fund Equity	FY 2019-20 YTD Operating Revenue	FY 2019-20 YTD Operating Expenditures	FY 2019-20 YTD CIP Funding	Est. 9-30-19 Fund Equity	Change in Fund
001 General Fund	10,401,733.46	1,764,068.29	1,965,269.35	385,958.29	9,814,574.11	(587,159.35)
005 Wastewater	3,188,079.16	343,406.48	237,313.99	50,824.12	3,243,347.53	55,268.37
006 Wastewater Capital	230,946.11	361.60	-	-	231,307.71	361.60
020 Water	6,400,079.38	766,024.64	532,586.05	72,550.89	6,560,967.08	160,887.70
021 Water Capital	403,504.96	595.57	-	-	404,100.53	595.57
025 Gas Tax	307,781.68	52,843.90	13,998.37	71,763.73	274,863.48	(32,918.20)
027 Local Transportation	323,882.03	2,152.59	4,999.98	56,047.50	264,987.14	(58,894.89)
031 Measure A	493,699.39	99,755.97	-	218,820.69	374,634.67	(119,064.72)
<b>Total Funding:</b>	<b>\$ 21,749,706.17</b>	<b>\$ 3,029,209.04</b>	<b>\$ 2,754,167.74</b>	<b>\$ 855,965.22</b>	<b>\$ 21,168,782.25</b>	<b>\$ (580,923.92)</b>

# 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, McMurray Road Widening, Industrial Street Lights, Avenue of Flags /Drainage Improvement, Sewer Line Replacement

The following projects are currently under construction:

- 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.