

CITY OF BUELLTON



QUARTERLY FINANCIAL REPORT

Fourth Quarter Ending June 30, 2020

October 8, 2020

Overview

The purpose of this financial report is to provide financial information for the City of Buellton. This report focuses on the fourth quarter of fiscal year 2019-20 and covers the period July 1, 2019 through June 30, 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. Only essential businesses were allowed to operate and only essential travel was allowed. The closures drove millions of Americans to claim unemployment, drove down sales tax revenue, and transient occupancy tax revenue. These closures contributed to the end of the longest economic expansion in US history creating a recession.

According to the Bureau of Labor Statistics (BLS), the national unemployment rate for the month of June was 11.1 percent, up from 3.8 percent a year earlier. Compared to the previous month, it declined by 2.2 percent. Total nonfarm payroll unemployment rose by 4.8 million in June. The increase shows that the

labor market is starting to improve after economic activity was halted in March and April due to the efforts to contain the coronavirus pandemic. In June, employment in leisure and hospitality began to rise drastically. In addition, job gains occurred in retail trade, education and health services, manufacturing and professional and business services.

According to the BLS, the consumer price index (CPI) increased 1.2 percent for the year ended June 2020. Over that period, food prices increased 4.5 percent, prices for food at home rose 5.6 percent, and energy prices fell 12.6 percent.

In an effort to support the economy, the Federal Government has deployed trillions of dollars in stimulus money to help the country get through the pandemic recession. Federal interest rates remain at historic lows and are expected to remain low for another three years.

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.

According to the Employment Development Department (EDD), California's unemployment rate improved to 14.9 percent in June compared to the record high unemployment rate of 16.4 percent in April and May. The rate is still higher than the 12.3 percent unemployment rate at the height of the Great Recession a decade ago. The industry sectors that were most affected by the stay at home order tended to have the largest gains in June. These sectors are: Leisure & Hospitality, and Food Services.

According to the BLS, CPI in California increased from .9 in May to 1.4 in June. Food prices rose 4.8 percent, energy prices dropped 11.0 percent, largely due to the decrease in price of gasoline.

The State Government has created a tiered system of reopening stages. The overall fiscal impact on governments depends of the transmission rate of COVID-19 in each county. Given the uncertainty of the length of time the COVID-19 Pandemic will last and how long reopening will take, it is difficult to predict how consumer behavior will change after all restrictions have lifted. With the large number of unemployed individuals, consumer spending and leisure travel may increase.

City of Buellton

The City's General Fund ended the fourth quarter of 2019-20 with about \$7.2 Million in Cash Balance. Revenues reached 71 percent of budget while expenditures were within appropriations, ending the fiscal year at 85 percent.

The severity of the impact of COVID-19 on city revenues will rely on the length of time the County of Santa Barbara will move through all the reopening stages. 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 became apparent in April and May. The month of June showed a small recovery in TOT revenue and occupancy rates. Sales tax also showed improvement in June compared to April and May.

On August 13, 2020, City Council passed "Resolution No. 20-21" amending the Fiscal Year 2019-20 budget to reflect operational changes and reflect the use of reserves to offset revenue losses due to the COVID-19 pandemic. The City has a healthy reserve and can absorb any potential revenue loss it may face during the remainder of the pandemic.

The Water Fund ended the fiscal year with a Fund Balance of about \$6.8 Million and \$3.4 Million in cash. Water Fund Operating revenues ended the fiscal year at 92 percent while expenditures were at 81 percent.

The Sewer Fund ended the fiscal year with a Fund Balance of about \$3.3 Million and \$1.9 Million in cash. Wastewater operating revenue ended the fiscal year at 51 percent while expenditures were at 55 percent.

As a response to the pandemic, on April 1, 2020, City Council passed Resolution No. 20-10, authorizing the deferral of water and wastewater payments and the waiving of fees. The City had many residents take advantage of the deferral. Financial impacts of the deferment will be apparent next fiscal year as it has been six months since the deferment has taken place.

GENERAL FUND

General Fund Balance

Table 1 below shows that with 100 percent of the year complete, revenues are below projections at 71 percent while expenditures are under expected projections at 85 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			\$ 10,401,733	
Revenues *	9,130,888	12,471,086	8,909,638	71%
Expenditures *	(9,130,888)	(12,471,086)	(10,552,951)	85%
Balance, at End of Year			<u>\$ 8,758,420</u>	

* Includes Transfers for Capital Improvement Projects and Excludes transfer from Reserve

Table 1: General Fund Balance

	Q4 FY 2019-20	Q4 FY 2018-19	Increase (Decrease)	Percent
Revenues:				
Taxes	\$ 7,040,458	\$ 7,622,367	\$ (581,909)	-7.63%
Fees and Permits	9,360	10,700	\$ (1,340)	-12.52%
Fines and Penalties	15,192	18,561	\$ (3,369)	-18.15%
Charges for Current Services	143,840	193,581	\$ (49,741)	-25.70%
Use of Monies and Properties	294,521	256,794	\$ 37,727	14.69%
Revenue from Other Agencies	682,486	502,076	\$ 180,410	35.93%
Other Revenue*	723,781	28,187	\$ 695,594	2467.80%
Total Revenue	\$ 8,909,638	\$ 8,632,266	\$ 277,373	3.21%
Expenditures:				
General Government	\$ 6,814,059	\$ 6,485,354	\$ 328,704	4.82%
Transfers for Capital Outlay	\$ 3,700,304	\$ 169,552	\$ 3,530,752	95.42%
Minor Capital	38,588	3,539	35,049	90.83%
Total Expenditures	\$ 10,552,951	\$ 6,658,446	3,894,505	36.90%
Change in Fund Balance	\$ (1,643,313)	\$ 1,973,820	(3,617,133)	-183.26%

Table 2: Previous Year Comparison

* Misc. Revenue and Cost Reimbursements

Table 2 above provides summary comparison information on revenues and expenditures through the quarter ending June 30, 2020 versus the prior year quarter June 30, 2019. Further revenue and expenditure analysis will be discussed later in this report. Total revenues are higher in the current fiscal year by \$277,373, or 3.21 percent. The category with the largest increase is the “Other Revenue” category. The increase is due to cost reimbursement grants received. The City received \$76,795 from FEMA for 75% cost recovery for its contribution of \$102,394.50 to the Buellton Senior Center for its expanded Meals-on-Wheels Program. The City also received two grants associated with the Sycamore and Highway 246 Pedestrian Crossing Project. The City received a county grant for \$70,000 for the design of the project and a \$545,438.57 grant for the

construction of the projection. In addition, the City received \$22,488 in CARES Act Funding to cover expenditures in response to the COVID-19 pandemic.

The second largest increase is 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.

The “Use of Monies” category shows the third largest increase. Interest earnings year-to-date has increased to \$204,678 from \$162,344 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 remainder of the revenue categories experienced losses that can be attributed to the pandemic. The Buellton Recreation Center was forced to shut down from late March through early June resulting in revenue loss from program revenue. In addition, park reservations were cancelled and fees were returned. The taxes category loss from the previous year is due to the TOT revenue loss. Compared to last fiscal year, the City received \$565,652 in TOT revenue. The occupancy rates in April through May were 15%, 21%, 48% respectively compared to 69%, 62%, and 79% the previous year during the same period.

Expenditures are about \$3.89 Million more compared to the prior fiscal year. The increase in General Government expenditures is attributed to several factors. The most significant reason for the increase is the property acquisition of 202 Dairyland Road for \$2,000,000.

The majority of the increase in General Fund expenditures is in the Transfer for Capital Outlay category. It accounts for \$1,699,216 of General Fund expenditures. The following are the most significant active Capital Improvements Project (CIP) expenditures:

- \$157,455 YTD for the Village Park Improvement Project #092-211
- \$612,573 YTD for the Avenue of Flags Median 2 Improvements Project #092-215
- \$545,612.57 YTD for the pedestrian crossing improvement at Sycamore and Highway 246 Project #092-306
- \$92,473 YTD for the storm drain and catch basin retrofit improvement
- \$144,333 for the completion of the FY 2018/19 Road Maintenance Project #092-317
- \$86,603 YTD for FY 2019/20 Road Maintenance Project #092-318

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.

Top Five Revenues

Top Five Revenues	Original Budget	Current Budget	YTD Actual	Percent
Sales Tax	\$ 2,507,000	\$ 2,250,000	\$ 2,536,781	113%
TOT	2,974,800	2,548,841	2,548,842	100%
Property Tax	1,546,008	1,546,008	1,655,084	107%
MVLF Swap	489,536	517,374	517,374	100%
Franchise Fees	250,000	250,000	299,750	120%
Other Revenues*	537,478	710,799	1,351,807	190%
Total Revenues	\$ 8,304,822	\$ 7,823,022	\$ 8,909,638	114%
Use of Reserves	826,066	4,648,064	1,643,313	35%
Total Financing Sources	\$ 9,130,888	\$ 12,471,086	\$ 10,552,951	85%

Table 3

*Other Revenues include charges for current Park and Recreation Services, Grants, Interest, and Cost Reimbursements.

Sales Tax

As of June 30, 2020, the City received 113 percent of the total projected Sales Tax revenue. 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.

At the time the fourth quarter budget amendments were approved, the City projected a decline of \$257,000 using the most recent data. At the time, only sales tax through April 2020 had been received. Based on actual sales tax received, the City exceeded its revised budget projection and original budget projection.

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. The City received 100 percent of anticipated revenue at the end of the fiscal year.

At the time the fourth quarter budget amendments were approved, the City had received all TOT for the fiscal year and adjusted the budget accordingly. Compared to the prior year actuals, TOT was down by \$565,652.

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 above target at 107 percent. 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 (MVLF Swap)

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 100 percent of the anticipated revenue.

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 fiscal year exceeding targeted revenue at 120

percent. The increase can be attributed to the increase in the City’s residential units which has resulted with more residents subscribing to Marborg Industries, Comcast, PG&E and SoCal Gas.

Top Five Revenues for the City of Buellton’ General Fund are Sales Tax, Property Tax, Transient Occupancy Tax (TOT), Motor Vehicle License Fee (MVLf) and Franchise Fees. These revenues account for about 85% of total General Fund Revenues.

Expenditures

Table 4 below summarizes operating costs by department. As of June 30, or 100 percent of the year expended, the General Fund ended the fiscal year at 85 percent expended (including CIP). Actual General Fund expenditures were approximately \$10.5 Million. Almost all Budget Units ended the fiscal year within budget with the exception of the City Manager Department. Even though this departments was over budget, the General Fund overall is within budget.

Department Expenditures	Original Budget	Current Budget	YTD Actual	% Expended
City Council	136,153	136,153	128,959	95%
City Manager	240,809	277,613	285,467	103%
City Clerk	128,796	128,965	123,896	96%
City Attorney	175,000	196,700	196,700	100%
Non-Departmental	1,059,751	1,207,925	1,145,086	95%
Finance	194,831	198,504	195,644	99%
Police and Fire	2,019,440	2,204,361	2,207,959	100%
Library	203,321	203,321	199,630	98%
Recreation	563,485	613,485	528,538	86%
Street Lights	65,000	65,000	51,626	79%
Storm Water	330,660	330,660	274,750	83%
Public Works - Parks	387,750	443,435	364,515	82%
Public Works - Landscape	110,200	110,200	106,412	97%
Public Works - General	676,342	2,662,342	2,592,135	97%
Planning (Comm Dev)	640,850	631,149	452,418	72%
Transfer to CIP Fund 92	2,198,500	3,021,273	1,699,216	56%
Total All Departments	9,130,888	12,431,086	10,552,951	85%

Table 4: General Fund Expenditures by Department

Major Expenditure Variances

Expenditures By Type	Original Budget	Current Budget	YTD Actual	% Expended
Staffing	1,851,169	1,889,973	1,842,826	98%
Contract Services	3,665,085	3,938,875	3,701,377	94%
Telecomm and Utilities	278,100	293,100	285,540	97%
Supplies and Materials	29,535	29,535	23,725	80%
Repair and Maintenance	290,480	290,480	194,306	67%
Transfer to Other Funds	2,218,100	3,080,873	1,699,284	55%
Other Operating Costs	753,669	2,894,286	2,769,612	96%
Minor Capital	44,750	53,964	36,280	67%
Total by Type	9,130,888	12,471,086	10,552,951	85%

Table 5: Expenditure Categories

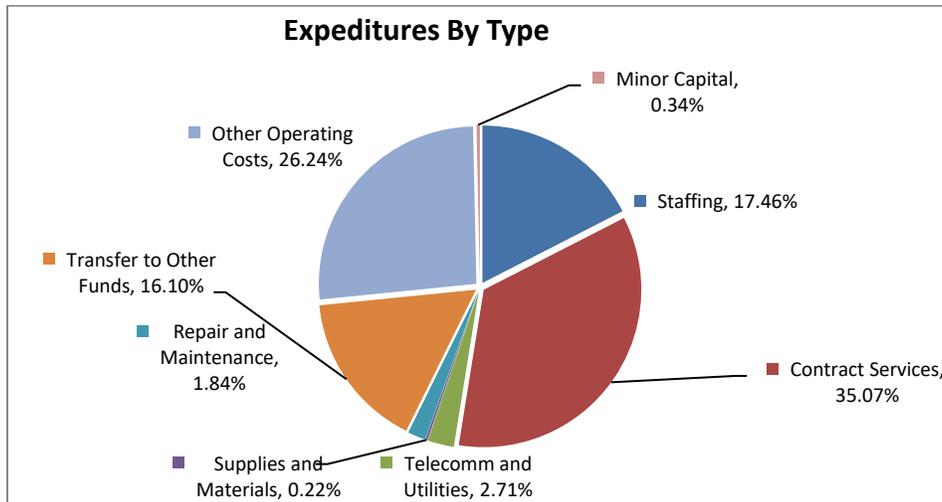


Figure 1

Table 5 and Figure 1 show General Fund operating costs and minor capital expenditures summarized by type. With 100 percent of the fiscal year completed, all budget categories are within budget.

The top three spending categories are: Contract Services, Staffing, and Other Operating Costs. Contract Services include services for Police, Fire Department, Legal Services, Engineering, landscaping services, Visitor Bureau’s services and other services. Staffing consists about 17.5 percent of General Fund expenditures.

The Other Operating Costs category consists about 26.2 percent of expenditures. 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. Usually, this category is not one of the top three spending categories, but this fiscal year, the City acquired real property for \$2,000,000 which was about 18.9 percent of the total expenditures. The City purchased the Willemssen Property at 202 Dairyland Road.

General Fund Trend

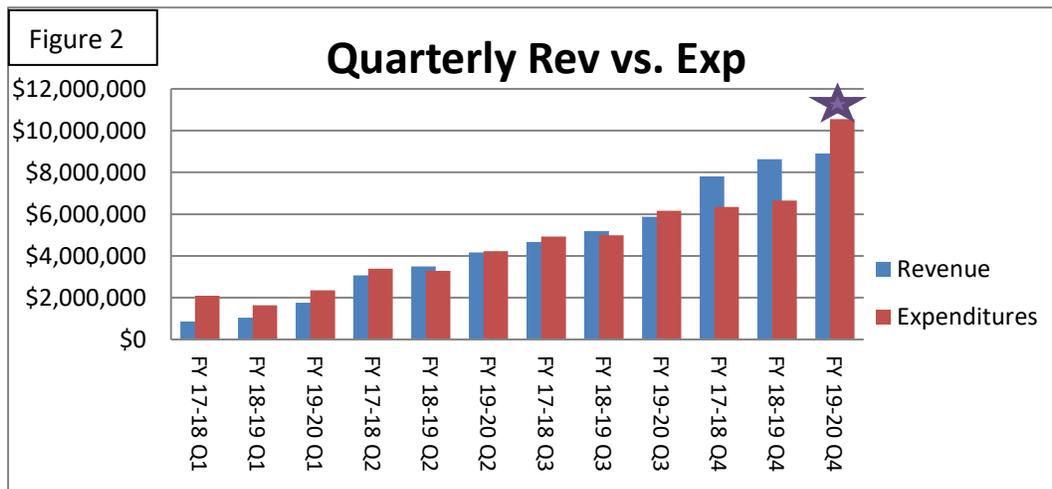


Figure 2

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	2,625,795	2,060	1,222,538	1,251
Operating Expenses	(2,309,351)	(8,193)	(1,245,298)	(4,494)
Operating Profit(Loss)	\$ 316,444	\$ (6,133)	\$ (22,760)	\$ (3,243)
Ending Fund Balance	\$ 6,716,522	\$ 397,372	\$ 3,165,320	\$ 227,703
<i>Change in Fund Balance</i>	<i>316,444</i>	<i>(6,133)</i>	<i>(22,760)</i>	<i>(3,243)</i>

Table 6

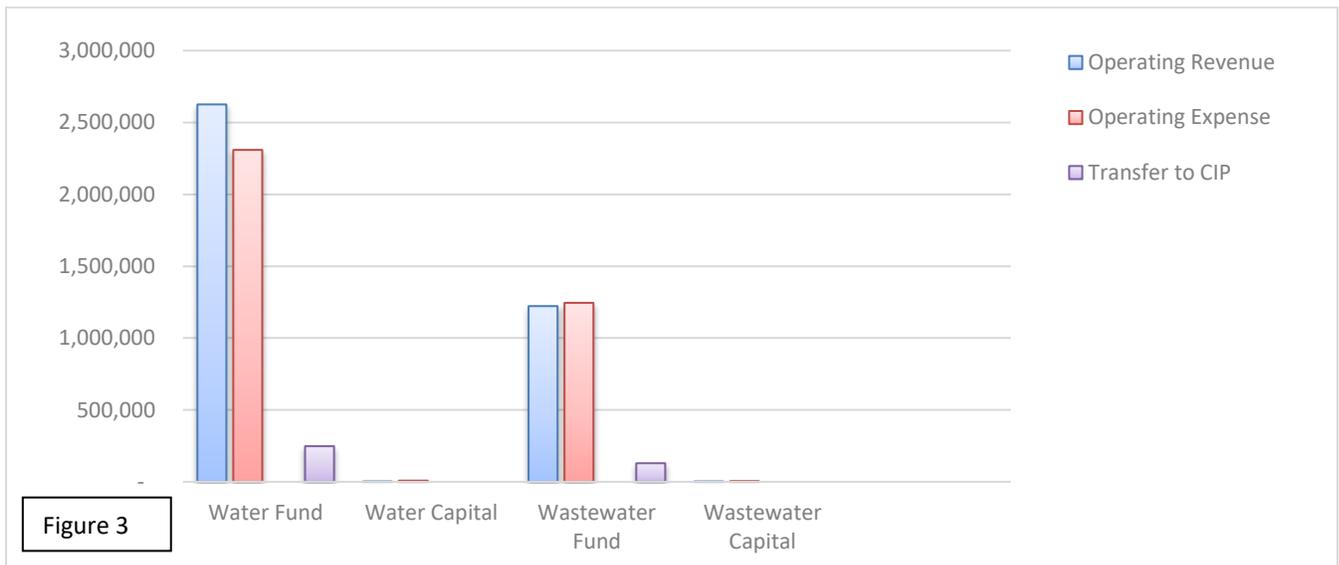
Note: Operating expenses exclude transfers for Capital Projects.

Table 6 illustrates the ending Fund Balance of each Enterprise Fund. 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	3,493,314	(105,364)	1,957,464	(19,784)
Receivables	253,159	417	133,053	253
Inventory	92,660	-	-	-
Prepaid Items	795,651	-	7,381	-
Total current assets	4,634,784	(104,947)	2,097,898	(19,531)
Capital assets (net of accumulated depreciation)	2,794,039	502,319	1,770,540	247,233
Other assets	51,192	-	51,192	-
Total Assets:	\$ 7,480,015	\$ 397,372	\$ 3,919,631	\$ 227,703
LIABILITIES				
Current Liabilities	71,720	-	68,599	-
Noncurrent Liabilities	685,690	-	667,653	-
Other Liabilities	6,082	-	18,059	-
Total Liabilities:	\$ 763,492	\$ -	\$ 754,311	\$ -
NET POSITION (Assets - Liabilities)	\$ 6,716,522	\$ 397,372	\$ 3,165,320	\$ 227,703
<i>Net Position Breakdown</i>				
Net Investment in Capital Assets	2,794,039	502,319	1,770,540	247,233
Restricted for capital expansion	-	(104,947)	-	(19,531)
Unrestricted	3,922,483	-	1,394,779	-
Total Net Position	\$ 6,716,522	\$ 397,372	\$ 3,165,320	\$ 227,703

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	6,400,078	403,505	6,803,583
Revenues			
Charge for Services	2,587,231	-	2,587,231
Interest Income	35,369	2,060	37,429
Connection Fees	-	-	-
Total Operating Revenue	2,622,600	2,060	2,624,660
Other Revenues	3,195	-	3,195
Total Revenues	2,625,795	2,060	2,627,855
Expenses			
Operating	954,859	-	954,859
Depreciation*	199,890	8,193	208,083
State Water	1,154,602	-	1,154,602
Total Operating Expenses	2,309,351	8,193	2,317,544
Operating Profit(Loss)	316,444	(6,133)	310,311
Transfers Out - CIP	(247,936)	-	(247,936)
Transfers In - CIP	-	247,936	247,936
Ending Fund Balance	6,716,522	397,372	6,803,583

* Depreciation is actual. Final depreciation posted 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 \$316,444 at the end of the fourth 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 have been capitalized and 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 fourth quarter with approximately \$3.4 Million in cash (Table 7) and Fund Balance of approximately \$6.7 Million.

Table 9 illustrates the Water Fund budget to actuals. Charges for Services exceeded budget projections at 105 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. The actual amount transferred for CIPs was \$247,936. Overall, Water Fund expenses were within budget at 81 percent expended.

Water Fund 020	Original Budget	Current Budget	YTD Actuals	Percent
Revenues				
Charge for Services	2,466,575	2,466,575	2,587,231	105%
Interest Income	24,000	24,000	35,369	147%
Total Operating Revenue	2,490,575	2,490,575	2,622,600	105%
Other Revenues	3,000	3,000	3,195	107%
Transfer from Reserves	352,971	352,971	-	0%
Total Revenues	2,846,546	2,846,546	2,625,795	92%
Expenses				
Operating	1,326,546	1,326,546	954,859	72%
Depreciation*	220,000	220,000	199,890	91%
State Water	1,300,000	1,300,000	1,154,602	89%
Total Expenses	2,846,546	2,846,546	2,309,351	81%
Net Surplus (Deficit)	-	-	316,444	
<i>Transfers for CIP**</i>	<i>(380,680)</i>	<i>(380,680)</i>	<i>(247,936)</i>	<i>65%</i>

*Actual depreciation. Capital Expenditures recorded here and depreciated annually.

** For information purposes only, 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 fourth quarter is about \$397,000 (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

Water Capital 021	Current Budget	YTD Actuals	Percent
Revenues			
Connection Fees	90,000	-	0%
Interest Income	3,320	2,060	62%
Transfers from Reserves	150,000	-	0%
Transfer In from Fund 020	380,680	-	0%
Total Revenue	624,000	2,060	0%
Expenses			
Depreciation	24,000	8,193	34%
Transfer to CIP Projects	600,000	-	0%
Total Expenditures	624,000	8,193	1%

actuals.

Table 10

Wastewater

Wastewater and Wastewater Capital Funds	Wastewater	Wastewater Capital	Wastewater Total
Beginning Fund Balance	3,188,080	230,946	3,419,026
Revenues			
Charge for Services	1,203,523	-	1,203,523
Interest Income	18,981	1,251	20,232
Connection Fees*	-	-	-
Total Operating Revenue	1,222,504	1,251	1,223,755
Other Revenues	34	-	-
Total Revenues	1,222,538	1,251	1,223,755
Expenses			
Operating	1,021,544	-	1,021,544
Depreciation**	223,754	4,494	228,248
Total Operating Expenses	1,245,298	4,494	1,249,792
Operating Profit(Loss)	(22,760)	(3,243)	(26,037)
Transfers Out - CIP	(129,290)	-	(129,290)
Transfers In - CIP	-	129,290	129,290
Ending Fund Balance	3,165,320	227,703	3,393,023

** 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 \$22,760 in the fourth 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 \$1.9 Million in cash (Table 7) and Fund Balance of approximately \$3.1 Million. The Wastewater Fund 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 did not meet budget projections at 78 percent received. The majority of the revenue loss comes from losses from commercial customers. Commercial accounts pay a base sewer rate plus sewer quantity based on water usage. Since most hotels and business lacked activity, these charges were minimal from April to June. Interest income 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. The actual amount spent on CIPs was \$123,422. 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)	
Transfers for CIP*	(362,803)	(537,803)	(123,422)	23%

* 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 fourth quarter is \$227,703 (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

Fourth Quarter Summary

For Fiscal: 2019-2020 Period Ending: 6/30/2020

		Original	Current	Fiscal	Variance	Percent
		Total Budget	Total Budget	Activity	Favorable (Unfavorable)	Used
Fund: 092 - Capital Improvement Project Fund						
Funding Source						
092-49726	Transfer from Gas Tax Fund	237,575.00	237,575.00	148,510.45	89,064.55	62.51%
092-49727	Transfer from General Fund	2,198,500.00	3,061,273.00	1,699,215.90	1,362,057.10	55.51%
092-49728	Transfer from Measure A	482,425.00	582,425.00	477,294.91	105,130.09	81.95%
092-49729	Transfer from Sewer Fund	450,000.00	625,000.00	137,469.53	487,530.47	22.00%
092-49732	Transfer from Water Fund	600,000.00	600,000.00	373,630.28	226,369.72	62.27%
092-49733	Transfer from Local Trans Fund	70,000.00	120,000.00	98,805.00	21,195.00	82.34%
Funding Source Total:		4,038,500.00	5,226,273.00	2,934,926.07	2,291,346.93	56.16%

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	0.00	0.00	0.00	0.00%
Project: 201 - Total:		50,000.00	0.00	0.00	0.00	0.00%

Status: Project was removed. Expenditure can be absorbed under the operating budget. Budget amendment is reflected in the Budget Amendment Resolution 20-21.

Project: 207 - Santa Ynez River Trail

092-207-70000	Conceptual Plan and Feasibility	50,000.00	50,000.00	5,000.00	45,000.00	0.00%
Project: 207 - Total:		50,000.00	50,000.00	5,000.00	45,000.00	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 started 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.

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%
092-215-71500	Project Management and Inspections	0.00	0.00	51,377.00	-51,377.00	#DIV/0!
092-215-74100	Construction and Improvements	0.00	937,773.00	440,326.08	497,446.92	0.00%
Project: 215 Total:		200,000.00	1,137,773.00	612,572.60	525,200.40	53.84%

Status: Project is under construction.

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.

Project: 218 - River View and Oak Park Facilities Painting						
092-218-74100	Construction and Improvement	25,000.00	0.00	0.00	0.00	0.00%
Project: 218 - Total:		25,000.00	0.00	0.00	0.00	0.00%

Status: Project was removed. Budget amendment is reflected in the Budget Amendment Resolution 20-21.

Project: 306 - Phase III Hwy 246/Sycamore Ped Xing						
092-306-71500	Project Management and Inspections	90,000.00	90,000.00	72,157.54	17,842.46	80.18%
092-306-74100	Construction and Improvements	580,000.00	580,000.00	473,455.03	106,544.97	81.63%
Project: 306 - Total:		670,000.00	670,000.00	545,612.57	124,387.43	81.43%

Status: Construction is complete.

Project: 307 - McMurray Road Widening						
092-307-70005	Design and Permitting	50,000.00	50,000.00	27,168.54	22,831.46	54.34%
092-307-71200	Right of Way Acquisition	150,000.00	150,000.00	41,805.20	108,194.80	27.87%
Project: 307 -Total:		200,000.00	200,000.00	68,973.74	131,026.26	34.49%

Status: Project is in design and moving forward.

		Original	Current	Fiscal	Variance	Percent
		Total Budget	Total Budget	Activity	Favorable (Unfavorable)	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	92,473.04	57,526.96	61.65%
Project: 314 - Total:		150,000.00	150,000.00	92,473.04	57,526.96	61.65%

Status: Project is complete.

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.

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	40,329.91	34,670.09	53.77%
092-318-71500	Project Management and Inspections	75,000.00	75,000.00	17,968.00	57,032.00	23.96%
092-318-74100	Construction and Improvement	325,000.00	325,000.00	206,345.16	118,654.84	63.49%
Project: 318 - Total:		475,000.00	475,000.00	264,643.07	475,000.00	55.71%

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	6,000.00	50,000.00	0.00%
Project: 401 - Total:	50,000.00	50,000.00	6,000.00	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	32,301.05	117,698.95	21.53%
Project: 603 - Total:	150,000.00	150,000.00	32,301.05	117,698.95	21.53%

Status: Project is under construction.

Project: 607 - Water Meter Upgrades					
092-607-74100 Construction and Improvements	100,000.00	100,000.00	74,433.63	25,566.37	74.43%
Project: 607 - Total:	100,000.00	100,000.00	74,433.63	25,566.37	74.43%

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	102,239.55	-2,239.55	102.24%
Project: 610 - Total:	100,000.00	100,000.00	102,239.55	-2,239.55	102.24%

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	59,215.22	240,784.78	19.74%
Project: 706 - Total:	300,000.00	300,000.00	59,215.22	240,784.78	19.74%

Status: Project is under construction.

Fund 092 - Capital Improvement Project Fund Totals:	4,038,500.00	5,226,273.00	2,934,926.07	2,291,346.93	56.16%
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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. 6-30-2020 Fund Equity	Change in Fund
001 General Fund	10,401,733.46	8,909,638.08	8,853,734.73	1,699,215.90	8,758,420.91	(1,643,312.55)
005 Wastewater	3,188,079.16	1,222,538.00	1,107,828.16	137,469.53	3,165,319.47	(22,759.69)
006 Wastewater Capital	230,946.11	1,250.09	4,494.00	-	227,702.20	(3,243.91)
020 Water	6,400,079.38	2,625,795.00	1,935,720.34	373,630.28	6,716,523.76	316,444.38
021 Water Capital	403,504.96	2,060.28	8,193.24	-	397,372.00	(6,132.96)
025 Gas Tax	307,781.68	300,128.75	96,776.69	148,510.45	362,623.29	54,841.61
027 Local Transportation	323,882.03	71,596.31	110,769.92	98,805.00	185,903.42	(137,978.61)
031 Measure A	493,699.39	446,595.29	64,500.00	477,294.91	398,499.77	(95,199.62)
Total Funding:	\$ 21,749,706.17	\$ 13,579,601.80	\$ 12,182,017.08	\$ 2,934,926.07	\$ 20,212,364.82	\$ (1,537,341.35)