

# CITY OF BUELLTON



## QUARTERLY FINANCIAL REPORT

*Fourth Quarter Ending June 30, 2018*

**September 27, 2018**

### 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 2017-18 and covers the period July 1, 2017 through June 30, 2018. 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. economic growth was a bit stronger than anticipated during the 2018 second quarter. It was the economy's best performance in nearly four years. According to the Commerce Department, the gross domestic product (GDP) increased at 4.2 percent and was the fastest growth rate since the third quarter of 2014. Compared to the second quarter of 2017, the economy grew 2.9 percent. The growth is contributed to increased business spending and consistently strong consumer spending despite a decline in sales of new and previously owned homes.

Consumer Price Index (CPI) rose 2.9 percent for the 12 months ending June; this was the largest 12-month increase since the period ending February 2012.

### State Economy

According to the U.S. Bureau of Labor Statistics, the U.S. unemployment rate rose to 4 percent in June 2018 while California unemployment rate remains unchanged for the fourth consecutive month at 4.2 percent. Job growth occurred in educational and health services, information, government, and professional services. Consumer price inflation rose 3.9 percent in California.

According to the Department of Finance, California's median home price hit a new high of \$602,760 up 0.3 percent from May. Statewide sales of existing, single-family homes totaled 410,800, up 0.4 percent from May and down 7.3 percent from June 2017, the biggest year-over-year sales decline in over four years.

### City of Buellton

The City's General Fund ended the fourth quarter of 2017-18 with about \$8.4 Million in fund balance and finished the quarter with over \$7.4 Million in cash balance. Revenues reached 101 percent of budget while expenditures remained within appropriations, ending the quarter at 85 percent.

The Enterprise funds completed the quarter with mixed results. The Water Fund experienced a surplus, and Wastewater Fund experienced a net operating loss during the quarter. The Water Fund ended the quarter with a fund balance of about \$6.1 Million and \$2 Million in cash. The Sewer Fund ended the quarter with a fund balance of \$3.4 Million and \$1.3 Million in cash. Water and sewer rates increased in November 2017 to ease future operating deficits and fund planned capital improvement projects. A third rate increase is expected in July 2018. The rate increases were enacted to stabilize the rate in which the Enterprise Funds used up reserves to fund operating expenses. Details are provided in a later discussion.

**GENERAL FUND**

**General Fund Balance**

Table 1 below shows that with 100 percent of the year complete, revenues exceed projections at 101 percent while expenditures are below expected projections at 85 percent of appropriations. The General Fund did not require transfers from reserves for Capital Improvement Projects, and only 45 percent of budgeted Capital Improvement Projects were expended. General Fund Balance increased by \$1,462,636 which is about a 21 percent increase in Fund Balance. “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	\$ 6,000,000	\$ 6,000,000	\$ 6,965,278	
Revenues *	7,641,145	7,701,145	7,805,301	101%
Expenditures *	(7,399,056)	(7,429,365)	(6,342,665)	85%
Balance, at End of Year	<u>\$ 6,242,089</u>	<u>\$ 6,271,780</u>	<u>\$ 8,427,913</u>	

\* Includes Transfers

**Table 1: General Fund Balance**

Table 2 below provides summary comparison information on revenues and expenditures for the quarter ending June 30, 2018 versus the prior year June 30, 2017. Further revenue and expenditure analysis will be discussed later in this report. Total revenues are higher in the current year by about \$925 thousand, or 13 percent. The major cause of this variance is due to the increase in transient occupancy tax (TOT) received by the addition of the Hampton Inn. In addition, the rise in home values and new development has contributed to greater property tax revenue.

Expenditures for FY 17/18 versus FY 16/17 were consistent. Spending was about \$23 thousand less than the previous year. There were more minor capital expenditures in the previous year. During FY 16/17, a new truck was purchased, computers, office chairs, and desks were replaced. Whereas, in FY 17/18, the server equipment was replaced, new cubicle walls were installed and other equipment replacements.

	<b>Q4 FY 2017-18</b>	<b>Q4 FY 2016-17</b>	<b>Over (Under)</b>	<b>Percent</b>
<b>Revenues:</b>				
Taxes	\$ 6,907,807	\$ 6,023,815	\$ 883,992	15%
Fees and Permits	8,975	11,275	\$ (2,300)	-20%
Fines and Penalties	23,097	25,396	\$ (2,299)	-9%
Charges for Current Services	236,551	226,932	\$ 9,618	4%
Other Revenue	628,871	592,137	\$ 36,735	6%
<b>Total Revenue</b>	<u>\$ 7,805,301</u>	<u>\$ 6,879,555</u>	<u>\$ 925,746</u>	<u>13%</u>
<b>Expenditures:</b>				
General Government	\$ 6,312,977	\$ 6,311,762	\$ 1,215	0.02%
Minor Capital	29,688	54,710	(25,022)	-84%
<b>Total Expenditures</b>	<u>\$ 6,342,665</u>	<u>\$ 6,366,472</u>	<u>(23,807)</u>	<u>-0.4%</u>
<b>Change in Fund Balance</b>	<u>\$ 1,462,636</u>	<u>\$ 513,083</u>	<u>949,553</u>	<u>185%</u>

**Table 2: Previous Year Comparison**

**Top Five Revenues**

<b>Top Five Revenues</b>	<b>Original Budget</b>	<b>Current Budget</b>	<b>YTD Actual</b>	<b>Percent</b>
Sales Tax	2,300,000	2,300,000	2,342,222	102%
TOT	1,900,000	1,900,000	2,832,056	149%
Property Tax	1,282,500	1,282,500	1,483,270	116%
MVLF Swap	427,200	427,200	457,454	107%
Franchise Fees	225,000	225,000	250,259	111%
Other Revenues*	1,506,445	1,566,445	440,040	28%
<b>Total Revenues</b>	<b>7,641,145</b>	<b>7,701,145</b>	<b>7,805,301</b>	<b>101%</b>

**Table 3**

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

**Sales Tax**

Sales tax receipts exceeded budget amounts and ended the fiscal year at 102 percent. Sales tax revenue fluctuates every month in conjunction with seasonal flows. Sales tax is one of the city's top revenue sources in the General Fund. Strong revenue streams are attributed to additional local sales tax received from the new Crossroads Shopping Center. Sales tax is expected to increase at a steadier pace as new businesses begin to settle.

**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>, and all TOT receipts have been recorded through June 2018. The City exceeded its goal for TOT revenue. Total receipts ended the fiscal year at 149 percent of expected revenue. The increase in TOT is attributed to the opening of the Hampton Inn and increased occupancy in existing hotels as a result of renovations. There is potential for future TOT growth as new hotel projects have been proposed.

**Property Tax**

The City's property tax revenues are received later in the fiscal year at intervals set by the Santa Barbara County Auditor-Controller. Property tax exceeded budget projections at 116 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.

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

Payments for 2017-18 ended the fiscal year at 107 percent. Payments from the Santa Barbara County Auditor-Controller are received throughout the year, usually January and June. This revenue source 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 exceeded budget ending the fiscal year at 111 percent.

*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 almost 95% 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 under budget at the end of the fourth quarter for all departments in total.

Department Expenditures	Original Budget	Current Budget	YTD Actual	% Expended
City Council	125,089	126,714	124,021	98%
City Manager	237,072	237,304	228,942	96%
City Clerk	115,896	116,050	111,042	96%
City Attorney	185,000	185,000	148,916	80%
Non-Departmental	1,011,901	1,011,901	964,781	95%
Finance	167,673	168,362	178,228	106%
Police and Fire	2,146,260	2,146,260	1,919,643	89%
Library	173,441	173,441	148,540	86%
Recreation	504,878	530,787	543,409	102%
Street Lights	60,000	60,000	62,389	104%
Storm Water	215,600	215,600	149,379	69%
Public Works - Parks	314,250	314,250	342,596	109%
Public Works - Landscape	106,000	106,000	101,426	96%
Public Works - General	652,904	654,218	531,196	81%
Planning (Comm Dev)	354,592	354,978	330,000	93%
Transfer to CIP Fund 92	1,028,500	1,028,500	458,160	45%
<b>Total All Departments</b>	<b>7,399,056</b>	<b>7,429,365</b>	<b>6,342,665</b>	<b>85%</b>

Table 4: General Fund Expenditures by Department

As of June 30, 2018, or 100 percent of the year expended, the General Fund ended the quarter at 85 percent spent (including CIP). Actual General Fund expenditures were approximately \$ 6.3 Million. Almost all Budget Units ended the quarter within budget except for Finance, Recreation, Street Lights, and Parks.

The Finance Department purchased cubicle dividers for about \$4,000 dollars at the beginning of the fiscal year. The overage was also contributed to increase in Finance Employee wages and employer paid deferred compensation pension plan for management. All four Finance Staff received their step level increases during the fiscal year.

The Recreation Department experienced an increase in operating activities. During the fiscal year, the Recreation Center offered a one-week February Camp to accommodate the extra week taken off by students in the Buellton School Districts, and added more activities to their Summer Camps. In addition, the Recreation Department celebrated its 10<sup>th</sup> Anniversary in February and additional money was expended to advertise and organize the 10<sup>th</sup> Anniversary celebration.

The Street Lights Department experienced an overage of 4 percent due to electricity rate increases imposed by PG&E.

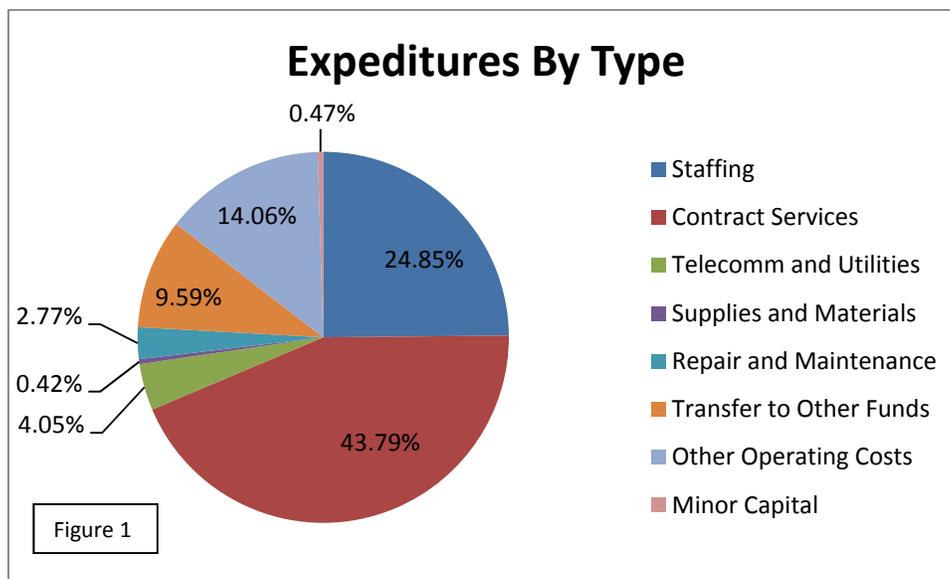
The Public Works-Parks Department resulted in an overage due to a rate increase for water service and water usage rates which caused utility expenditures to go over budget by about \$17,000. The City has nine meters installed in City Parks which range in sizes from 1 inch to 2 inches which tend to have greater monthly service charges. In addition, there were several sprinkler replacements and irrigation repairs at Riverview Park throughout the fiscal year.

The overall CIP expenditures include Post Office Fire Alarm System Replacement, Industrial Way Street Lights, Road Maintenance Project FY 15/16, Ave of Flags Pedestrian/Drainage Improvement and Road Maintenance Project FY 17/18.

**Major Expenditure Variances**

Expenditures By Type	Original Budget	Current Budget	YTD Actual	% Expended
Staffing	1,569,505	1,599,814	1,574,755	98%
Contract Services	3,128,401	3,128,401	2,777,761	89%
Telecomm and Utilities	227,250	227,250	257,145	113%
Supplies and Materials	38,900	38,900	26,432	68%
Repair and Maintenance	232,700	232,700	176,562	76%
Transfer to Other Funds	1,178,500	1,178,500	608,158	52%
Other Operating Costs	964,300	964,300	892,162	93%
Minor Capital	59,500	59,500	29,688	50%
<b>Total by Type</b>	<b>7,399,056</b>	<b>7,429,365</b>	<b>6,342,665</b>	<b>85%</b>

Table 5: Expenditure Categories



The chart and graph above shows General Fund operating costs and minor capital expenditures summarized by type. With 100 percent of the year expended, all budget categories are within budget with the exception of Telecomm and Utilities. The Telecomm and Utilities overage resulted from water and sewer rate increases that went into effect on November 1, 2017. These rate increases were not taken into consideration when the budget was developed. The City gets charged for meters and water usage at City Parks, various irrigation meters, Wastewater Treatment Plant, Chamber of Commerce, Post Office, City Hall, and Police Station. Historically, water was charged to the appropriate account at the end of the fiscal year which made budgeting difficult. As a solution to better monitor water and sewer charges, the City of Buellton currently records water and sewer expenditures on a monthly basis.

The top three spending categories are: Contract Services, Staffing, and Other Operating Costs. Contract Services include services for Police, Fire Department, Legal Services, Engineering, and other services. Staffing consists of almost a quarter of general fund expenditures. Other Operating Costs accounts for about 14 percent of general fund expenditures. The other operating cost category consists of payments to non-profit organizations, payment for the CalPERS Unfunded Liability, Buellton Recreation expenditures, and contract payments to the Visitor’s Bureau.

**ENTERPRISE FUNDS**

The Enterprise Fund Balance and Statement of Net Position for the fourth quarter of Fiscal Year 2017-18 are shown below.

**Fund Balance Summary**

<b>Enterprise Fund Balance</b>	<b>Water</b>	<b>Water Capital</b>	<b>Wastewater</b>	<b>Wastewater Capital</b>
<b>Beginning Fund Balance</b>	<b>\$ 5,643,729</b>	<b>\$ 142,457</b>	<b>\$ 3,491,452</b>	<b>\$ 81,916</b>
Operating Revenue	2,491,757	184,115	1,104,588	114,796
Operating Expenses	(1,970,107)	(1,383)	(1,123,826)	(495)
<b>Operating Profit(Loss)</b>	<b>\$ 521,650</b>	<b>\$ 182,732</b>	<b>\$ (19,238)</b>	<b>\$ 114,301</b>
Transfers Out for CIP	-	-	-	-
<b>Ending Fund Balance</b>	<b>\$ 6,165,379</b>	<b>\$ 325,189</b>	<b>\$ 3,472,214</b>	<b>\$ 196,217</b>

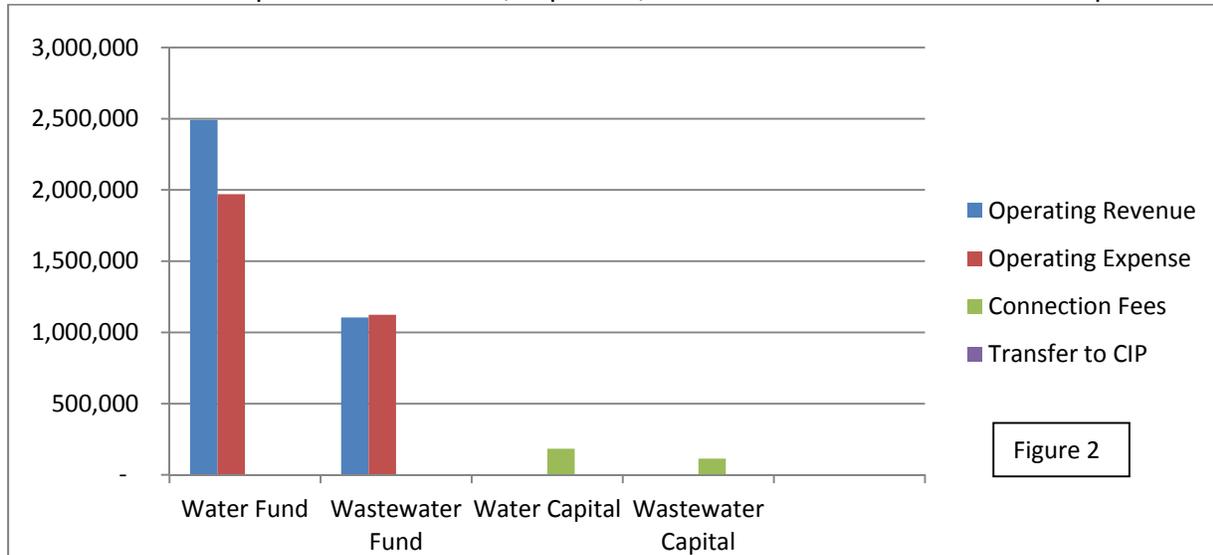
Table 6

Table 6 illustrates the ending fund balance of each Enterprise Fund. All but the Wastewater Fund 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.

<b>Statement of Net Position</b>	<b>Water</b>	<b>Water Capital</b>	<b>Wastewater</b>	<b>Wastewater Capital</b>
<b>ASSETS</b>				
Current assets:				
Cash and Investments	2,080,024	288,164	1,358,238	185,152
Receivables	228,994	863	112,023	555
Inventory	34,282	-	-	-
Prepaid Items	1,028,749	-	26,033	-
Total current assets	3,372,050	289,027	1,496,294	185,707
Capital assets (net of accumulated depreciation)	3,109,987	39,117	2,265,804	14,238
Other assets	54,896	-	57,677	-
<b>Total Assets:</b>	<b>\$ 6,536,933</b>	<b>\$ 328,144</b>	<b>\$ 3,819,775</b>	<b>\$ 199,945</b>
<b>LIABILITIES</b>				
Current Liabilities	97,380	2,955	62,568	3,728
Noncurrent Liabilities	244,862	-	254,197	
Other Liabilities	29,311	-	30,796	
<b>Total Liabilities:</b>	<b>\$ 371,553</b>	<b>\$ 2,955</b>	<b>\$ 347,561</b>	<b>\$ 3,728</b>
<b>NET POSITION (Assets - Liabilities)</b>	<b>\$ 6,165,379</b>	<b>\$ 325,189</b>	<b>\$ 3,472,214</b>	<b>\$ 196,217</b>
<b>Net Position Breakdown</b>				
Net Investment in Capital Assets	3,109,987	39,117	2,265,804	14,238
Unrestricted	3,055,392	286,072	1,206,410	181,979
Total Net Position	<b>\$ 6,165,379</b>	<b>\$ 325,189</b>	<b>\$ 3,472,214</b>	<b>\$ 196,217</b>

Table 7

Figure 2 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>5,643,626</b>	<b>142,457</b>	<b>5,786,083</b>
<b>Revenues</b>			
Charge for Services	2,465,612	-	2,465,612
Interest Income	21,336	2,270	23,605
Connection Fees*	-	181,845	181,845
<b>Total Operating Revenue</b>	<b>2,486,947</b>	<b>184,115</b>	<b>2,671,062</b>
Other Revenues	4,810	-	4,810
<b>Total Revenues</b>	<b>2,491,757</b>	<b>184,115</b>	<b>2,675,872</b>
<b>Expenses</b>			
Operating	800,454	-	800,454
Depreciation**	216,836	1,383	218,218
State Water	952,817	-	952,817
<b>Total Operating Expenses</b>	<b>1,970,107</b>	<b>1,383</b>	<b>1,971,490</b>
<b>Operating Profit(Loss)</b>	<b>521,650</b>	<b>182,732</b>	<b>704,383</b>
Transfers Out - CIP	-	-	-
Transfers from Reserves	-	-	-
<b>Ending Fund Balance</b>	<b>6,165,276</b>	<b>325,189</b>	<b>6,490,465</b>

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 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 \$521 thousand at the end of Fiscal Year 2017-2018 (excludes Capital Improvement expenses). On November 1, 2017, the second phase of water rate increases took effect, with the third phase becoming effective July 1, 2018. The water rate increase will help reverse the operating deficit. As seen on Table 8 above, the Water and Water Capital Funds both experienced an increase in Fund Balance. The Water Fund operating loss has reversed as of the fourth quarter, and is currently operating with a surplus. The Water Fund ended the fourth quarter with approximately \$2 Million in cash (Table 7) and fund balance of approximately \$6.1 Million.

Table 9 illustrates the Water Fund budget to actuals. Charges for Services exceeded budget projections by 134%. The increase was due to the water rate increases that occurred in November. All other revenue categories also exceeded projections. Since the Water Fund ended the fiscal year with a surplus, the fund did not require transfers from reserve to cover operating expenses.

The Water Fund utilizes reserves to fund Capital Improvement projects (CIPs) which are budgeted at \$230,000 in the current fiscal year. There were no capital expenses during the year therefore there was no use of reserves. Overall, Water Fund expenses were under budget at 72 percent expended.

Water Fund 020	FY 17/18 Original Budget	FY 17/18 Current Budget	FY 17/18 YTD	Percent
<b>Revenues</b>				
Charge for Services	1,798,000	1,798,000	2,416,040	134%
Interest Income	8,500	8,500	21,336	251%
<b>Total Operating Revenue</b>	<b>1,806,500</b>	<b>1,806,500</b>	<b>2,437,376</b>	<b>135%</b>
Other Revenues	11,500	11,500	54,382	473%
Transfer from Reserves	679,255	679,255	-	0%
<b>Total Revenues</b>	<b>2,497,255</b>	<b>2,497,255</b>	<b>2,491,757</b>	<b>100%</b>
<b>Expenses</b>				
Operating	1,160,256	1,186,469	800,454	67%
Depreciation**	177,000	177,000	216,836	123%
State Water	1,390,000	1,390,000	952,817	69%
<b>Total Operating Expenses</b>	<b>2,727,256</b>	<b>2,753,469</b>	<b>1,970,107</b>	<b>72%</b>
Transfers Out - CIP	(230,000)	(230,000)	-	0%

Table 9

### Water Capital

Water Capital Fund is a new fund to record 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 \$325 thousand (Table 8). As mentioned in the Water Fund portion, none of the budgeted CIP expenses for the fiscal year occurred. Table 10 on the next page illustrates the Water Capital budget to actuals. Both revenue and expenditures performed below expected budget.

<b>Water Capital 021</b>	<b>FY 17/18 Budget</b>	<b>FY 17/18 YTD</b>	<b>Percent</b>
<b>Revenues</b>			
Connection Fees	400,000	181,845	45%
Interest Income		2,270	
Transfer In from Fund 020	230,000	-	0%
<b>Total Revenue</b>	<b>630,000</b>	<b>184,115</b>	<b>29%</b>
<b>Expenses</b>			
Depreciation	-	1,383	-
Transfer to CIP Projects	680,000	-	0%

Table 10

WastewaterRevenue and Expenses

<b>Wastewater and Wastewater Capital Funds</b>	<b>Wastewater</b>	<b>Wastewater Capital</b>	<b>Wastewater Total</b>
<b>Beginning Fund Balance</b>	<b>3,491,404</b>	<b>81,916</b>	<b>3,573,320</b>
<b>Revenues</b>			
Charge for Services	1,091,322	-	1,091,322
Interest Income	13,266	1,444	14,710
Connection Fees*	-	113,352	113,352
Total Operating Revenue	1,104,588	114,796	1,219,384
Other Revenues	-	-	-
<b>Total Revenues</b>	<b>1,104,588</b>	<b>114,796</b>	<b>1,219,384</b>
<b>Expenses</b>			
Operating	858,066	-	858,066
Depreciation**	265,760	494	266,254
Total Operating Expenses	1,123,826	494	1,124,319
<b>Operating Profit(Loss)</b>	<b>(19,237)</b>	<b>114,302</b>	<b>95,064</b>
Transfers Out - CIP	-	-	-
Transfers from Reserves	-	-	-
<b>Ending Fund Balance</b>	<b>3,472,167</b>	<b>196,217</b>	<b>3,668,384</b>

Table 11

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 expenditures exceeded operating revenues causing the Wastewater fund to experience a net operating loss of about \$19,000 in the fourth quarter of 2017-18 (excluding Capital Improvement Project expenses which will be recorded in the Wastewater Capital Fund). On November 1, 2017, the second phase of sewer rate increases took effect, with the third phase becoming effective July 1, 2018. The rate increases will help reverse the operating deficit and fund the capital improvement projects. The operating loss has not reversed as of the fourth quarter report; however, the trend is expected to improve once the Wastewater fund experiences the last rate increase. The Wastewater fund ended the fiscal year with about \$1.3 Million in cash (Table 8) and fund balance of approximately \$3.4 Million. The Wastewater Fund

experienced a reduction in fund balance while the Wastewater Capital Fund experienced an increase in fund balance.

Table 12 illustrates the Wastewater Fund budget to actuals. Charges for Services exceeded budget projections by 123%. The increase was due to the sewer rate increases that occurred in November. All other revenue categories also exceeded projections. Since the Wastewater Fund ended the fiscal year with a deficit, \$19,237 will be used from reserves to cover expenses.

The Wastewater Fund utilizes reserves to fund Capital Improvement Projects (CIPs) which are budgeted at \$435,000 in the current fiscal year, but there was enough revenue to cover the CIP expenditures. The total CIP completed for fiscal year 2017-18 includes Sewer Collection System Cleaning (CCTV).

Sewer Fund 005	FY 17/18 Original Budget	FY 17/18 Current Budget	FY 17/18 YTD	Percent
<b>Revenues</b>				
Charge for Services	876,000	876,000	1,080,372	123%
Interest Income	7,000	7,000	13,266	190%
<b>Total Operating Revenue</b>	<b>883,000</b>	<b>883,000</b>	<b>1,093,638</b>	<b>124%</b>
Other Revenues	5,500	5,500	10,950	199%
Transfer from Reserves	300,308	300,308	-	0%
<b>Total Revenues</b>	<b>1,188,808</b>	<b>1,188,808</b>	<b>1,104,588</b>	<b>93%</b>
<b>Expenses</b>				
Operating	1,373,808	1,375,021	848,569	62%
Depreciation**	250,000	250,000	265,760	106%
<b>Total Operating Expenses</b>	<b>1,623,808</b>	<b>1,625,021</b>	<b>1,114,329</b>	<b>69%</b>
Transfers Out - CIP	(435,000)	(435,000)	(261,739)	60%

Table 12

### Wastewater Capital

Wastewater Capital Fund is a new fund to record 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 \$196,217 (Table 8). Table 13 below illustrates the Wastewater Capital budget to actuals. Both revenue and expenditures performed below expected budget.

Wastewater Capital 006	FY 17/18 Budget	FY 17/18 YTD	Percent
<b>Revenues</b>			
Connection Fees	200,000	113,352	57%
Interest Income	-	1,444	0%
Transfer In from Fund 005	435,000	-	0%
<b>Total Revenue</b>	<b>635,000</b>	<b>114,796</b>	<b>18%</b>
<b>Expenses</b>			
Depreciation	-	494	-
Transfer to CIP Projects	650,000	-	0%

Table 13



City of Buellton, CA

# Capital Improvement Budget Report

## Fourth Quarter Summary

For Fiscal: 2017-2018 Period Ending: 06/30/2018

		Original Total Budget	Current Total Budget	Fiscal Activity	Remaining Favorable (Unfavorable)	Percent Used
<b>Fund: 092 - Capital Improvement Project Fund</b>						
<b>Funding Source</b>						
<a href="#">092-49676</a>	Transfer between 091/092	\$ -	\$ -	-	-	0%
<a href="#">092-49726</a>	Transfer from Gas Tax Fund	\$ 500,000.00	\$ 500,000.00	282,844.26	217,155.74	57%
<a href="#">092-49727</a>	Transfer from General Fund	\$ 1,028,500.00	\$ 1,028,500.00	458,158.83	570,341.17	45%
<a href="#">092-49728</a>	Transfer from Measure A	\$ 625,000.00	\$ 625,000.00	458,746.34	166,253.66	73%
<a href="#">092-49729</a>	Transfer from Sewer Fund	\$ 650,000.00	\$ 650,000.00	261,738.94	388,261.06	40%
<a href="#">092-49732</a>	Transfer from Water Fund	\$ 680,000.00	\$ 680,000.00	-	680,000.00	0%
<a href="#">092-49733</a>	Transfer from Local Transportation Fund	\$ 95,000.00	\$ 95,000.00	-	95,000.00	0%
<b>Funding Total:</b>		<b>\$ 3,578,500.00</b>	<b>\$ 3,578,500.00</b>	<b>1,461,488.37</b>	<b>2,117,011.63</b>	<b>41%</b>

<b>Expense</b>						
<b>Project: 101 - Storm Drain Cleaning and Retrofit</b>						
<a href="#">092-101-60800</a>	Contract Services	\$ -	\$ -	-	-	0%
<a href="#">092-101-74100</a>	Improvements	\$ 20,000.00	\$ 20,000.00	8,880.00	11,120.00	44%
<a href="#">092-101-76000</a>	Contribution	\$ -	\$ -	-	-	0%
<b>Project: 101 - Storm Drain Cleaning and Retrofit Total:</b>		<b>\$ 20,000.00</b>	<b>\$ 20,000.00</b>	<b>8,880.00</b>	<b>11,120.00</b>	<b>44%</b>

**Status:**  
Most of the inlet and catch basins have been cleaned. There are still some areas where access is required.

<b>Project: 102 - Storm Drain Outfall Repairs and Re-Establishment</b>						
<a href="#">092-102-60800</a>	Contract Services	\$ -	\$ -	-	-	0%
<a href="#">092-102-74100</a>	Improvements	\$ 25,000.00	\$ 25,000.00	-	-	0%
<b>Project: 102 - Storm Drain Outfall Repairs and Re-Establishment Total:</b>		<b>\$ 25,000.00</b>	<b>\$ 25,000.00</b>	<b>-</b>	<b>-</b>	<b>0%</b>

**Status:**  
Project will be carried over to FY 18/19.

<b>Project: 201 - Facilities Maintenance and Painting</b>						
<a href="#">092-201-60800</a>	Contract Services	\$ -	\$ -	-	-	0%
<a href="#">092-201-74100</a>	Improvements	\$ 25,000.00	\$ 25,000.00	-	-	0%
<b>Project: 201 - Facilities Maintenance and Painting Total:</b>		<b>\$ 25,000.00</b>	<b>\$ 25,000.00</b>	<b>-</b>	<b>-</b>	<b>0%</b>

**Status:**  
Project will be carried over to FY 18/19.

<b>Project: 206 - Ave of Flags Pedestrian Sidewalk Improvements</b>						
<a href="#">092-206-74100</a>	Improvements	\$ 50,000.00	\$ 50,000.00	50,000.00	-	100%
<b>Project: 206 - Ave of Flags Ped Improvements Total:</b>		<b>\$ 50,000.00</b>	<b>\$ 50,000.00</b>	<b>50,000.00</b>	<b>-</b>	<b>100%</b>

**Status:**  
Project was included as part of 092-313 Road Maintenance Project. Project is complete.

		Original Total Budget	Current Total Budget	Fiscal Activity	Remaining Favorable (Unfavorable)	Percent Used
<b>Project: 207 - Santa Ynez River Trail</b>						
<a href="#">092-207-74100</a>	Conceptual Plan/feasibility	\$ 20,000.00	\$ 20,000.00	-	-	0%
<b>Project: 207 - Santa Ynez River Trail Total:</b>		<b>\$ 20,000.00</b>	<b>\$ 20,000.00</b>	<b>-</b>	<b>-</b>	<b>0%</b>

Status:  
\$20,000 will be placed in the reserves account. Project will be carried over to FY 18/19.

<b>Project: 211 - Village Park Improvements</b>						
<a href="#">092-211-74100</a>	Village Park Improvements	\$ 216,000.00	\$ 216,000.00	-	-	0%
<b>Project: 211 - Village Park Improvements Total:</b>		<b>\$ 216,000.00</b>	<b>\$ 216,000.00</b>	<b>-</b>	<b>-</b>	<b>0%</b>

Status:  
Project is not complete. Carried over to FY 18/19.

<b>Project: 213 - Post Office Fire Alarm System Replacement</b>						
<a href="#">092-213-74100</a>	Improvements	\$ 20,000.00	\$ 20,000.00	9,759.00	10,241.00	49%
<b>Project: 213 - Post Office Fire Alarm System Replacement Total:</b>		<b>\$ 20,000.00</b>	<b>\$ 20,000.00</b>	<b>9,759.00</b>	<b>10,241.00</b>	<b>49%</b>

Status:  
Alarm system installation is complete. The project expended 49% of the budgeted amount.

<b>Project: 214 - City Hall Generator/Electrical Replacement</b>						
<a href="#">092-214-8000</a>	Contract Services	\$ -	\$ -	-	-	0%
<a href="#">092-213-74100</a>	Improvements	\$ 40,000.00	\$ 40,000.00	-	-	0%
<b>Project: City Hall Generator/Electrical Replacement Total:</b>		<b>\$ 40,000.00</b>	<b>\$ 40,000.00</b>	<b>-</b>	<b>-</b>	<b>0%</b>

Status:  
Not complete. Carried over to FY 18/19. City has applied for a grant for the generator.

<b>Project: 306 - Phase III Hwy 246/Sycamore Ped Xing</b>						
<a href="#">092-306-60800</a>	Contract Services	\$ 70,000.00	\$ 70,000.00	52,522.50	17,477.50	75%
<a href="#">092-306-74100</a>	Improvements	\$ -	\$ -	-	-	0%
<b>Project: 306 - Phase III Hwy 246/Sycamore Ped Xing Total:</b>		<b>\$ 70,000.00</b>	<b>\$ 70,000.00</b>	<b>52,522.50</b>	<b>17,477.50</b>	<b>75%</b>

Status:  
Design has commenced, survey for base map completed.

<b>Project: 307 - McMurray Road Widening/TS (13/14)</b>						
<a href="#">092-307-60800</a>	Contract Services		\$ -	-	-	0%
<a href="#">092-307-71200</a>	Right of Way Acquisition	\$ 25,000.00	\$ 25,000.00	-	-	0%
<a href="#">092-307-74100</a>	Improvements	\$ -	\$ -	-	-	0%
<b>Project: 307 - McMurray Road Widening/TS (13/14) Total:</b>		<b>\$ 25,000.00</b>	<b>\$ 25,000.00</b>	<b>-</b>	<b>-</b>	<b>0%</b>

Status:  
Not completed. Roll over to FY 18/19. Attorneys are preparing letters to Thrifty Oil regarding Right of Way acquisition.

		Original Total Budget	Current Total Budget	Fiscal Activity	Remaining Favorable (Unfavorable)	Percent Used
<b>Project: 308 - No. Ave of Flags Park and Ride</b>						
<a href="#">092-308-60800</a>	Contract Services	\$ 75,000.00	\$ 75,000.00	-	-	0%
<a href="#">092-308-74100</a>	Improvements	\$ -	\$ -	-	-	0%
<b>Project: 308 - No. Ave of Flags Park and Ride Total:</b>		<b>\$ 75,000.00</b>	<b>\$ 75,000.00</b>	<b>-</b>	<b>-</b>	<b>0%</b>

Status:  
Not completed. Roll over to FY 18/19.

<b>Project: 311 - Industrial Way Street Lights</b>						
<a href="#">092-311-60800</a>	Contract Services	\$ 82,500.00	\$ 82,500.00	5,240.00	77,260.00	6%
<a href="#">092-311-74100</a>	Improvements	\$ -	\$ -	-	-	0%
<b>Project: 311 - Industrial Way Street Lights Total:</b>		<b>\$ 82,500.00</b>	<b>\$ 82,500.00</b>	<b>5,240.00</b>	<b>77,260.00</b>	<b>6.4%</b>

Status:  
Council has provided direction on fixture type. Coordinating with PG&E and electrical engineer on additional design information.

<b>Project: 312 - Hwy 246 /Sidewalk (Caltrans)</b>						
<a href="#">092-312-60800</a>	Contract Services	\$ 24,000.00	\$ 24,000.00	13,335.00	10,665.00	56%
<a href="#">092-312-74100</a>	Improvements	\$ 56,000.00	\$ 56,000.00	60,950.22	(4,950.22)	109%
<b>Project: 312 - Hwy 246 /Sidewalk (Caltrans) Total:</b>		<b>\$ 80,000.00</b>	<b>\$ 80,000.00</b>	<b>74,285.22</b>	<b>5,714.78</b>	<b>93%</b>

Status:  
Project is complete.

<b>Project: 313 - Road Maintenance Project 15/16 and 16/17</b>						
<a href="#">092-313-60800</a>	Contract Services	\$ 113,605.00	\$ 113,605.00	95,420.36	18,184.64	84%
<a href="#">092-313-74100</a>	Improvements	\$ 836,395.00	\$ 836,395.00	866,269.86	(29,874.86)	104%
<b>Project: 313 - Road Maintenance Project Total:</b>		<b>\$ 950,000.00</b>	<b>\$ 950,000.00</b>	<b>961,690.22</b>	<b>(11,690.22)</b>	<b>101%</b>

Status:  
Project is complete. City Council approved Notice of Completion on March 22, 2018.

<b>Project: 315 - Ave of Flags Pedestrian/Drainage Improvement</b>						
<a href="#">092-315-60800</a>	Contract Services	\$ 100,000.00	\$ 100,000.00	-	-	0%
<a href="#">092-315-74100</a>	Improvements	\$ -	\$ -	-	-	0%
<b>Project: 315 - Ave of Flags Pedestrian/Drainage Improvement Total:</b>		<b>\$ 100,000.00</b>	<b>\$ 100,000.00</b>	<b>-</b>	<b>-</b>	<b>0%</b>

Status:  
Roll over to FY 18/19.

<b>Project: 316- Road Maintenance Project (17/18)</b>						
<a href="#">092-316-60800</a>	Contract Services	\$ 180,000.00	\$ 180,000.00	37,372.50	142,627.50	21%
<a href="#">092-316-74100</a>	Improvements	\$ 270,000.00	\$ 270,000.00	-	-	0%
<b>Project: 316 - Road Maintenance Project (17/18) Total:</b>		<b>\$ 450,000.00</b>	<b>\$ 450,000.00</b>	<b>37,372.50</b>	<b>142,627.50</b>	<b>8%</b>

Status:  
Project contract has been awarded and is under construction. Estimated completion by September 2018. Roll over to FY 18/19.

		Original Total Budget	Current Total Budget	Fiscal Activity	Remaining Favorable (Unfavorable)	Percent Used
<b>Project: 603 - Water Treatment Plant Facilities Improvement</b>						
<a href="#">092-603-60800</a>	Contract Services	\$ -	\$ -	-	-	0%
<a href="#">092-603-74100</a>	Improvements	\$ 100,000.00	\$ 100,000.00	-	-	0%
<b>Project: 603 - WTP Facilities Improvement Total:</b>		<b>\$ 100,000.00</b>	<b>\$ 100,000.00</b>	<b>-</b>	<b>-</b>	<b>0%</b>

Status:  
Roll over to FY 18/19.

<b>Project: 607 - Water Meter Upgrades</b>						
<a href="#">092-607-74100</a>	Improvements	\$ 50,000.00	\$ 50,000.00	-	-	0%
<b>Project: 607 - Water Meter Upgrades Total:</b>		<b>\$ 50,000.00</b>	<b>\$ 50,000.00</b>	<b>-</b>	<b>-</b>	<b>0%</b>

Status:  
Roll over to FY 18/19.

<b>Project: 608 - Water Treatment Plant/Booster Power Reliability</b>						
<a href="#">092-608-74100</a>	Improvements	\$ 300,000.00	\$ 300,000.00	-	-	0%
<b>Project: 608 - WTP/Booster Power Reliability Total:</b>		<b>\$ 300,000.00</b>	<b>\$ 300,000.00</b>	<b>-</b>	<b>-</b>	<b>0%</b>

Status:  
Roll over to FY 18/19.

<b>Project: 610 - Water Distribution System Improvements</b>						
<a href="#">092-610-74100</a>	Water Distribution System Improvements	\$ 200,000.00	\$ 200,000.00	-	-	0%
<b>Project: 610 - Water Distribution System Improvements Total:</b>		<b>\$ 200,000.00</b>	<b>\$ 200,000.00</b>	<b>-</b>	<b>-</b>	<b>0%</b>

Status:  
Roll over to FY 18/19.

<b>Project: 611 - Recycled Water Program</b>						
<a href="#">092-611-60800</a>	Contract Services	\$ -	\$ -	-	-	0%
<a href="#">092-611-74100</a>	Improvements	\$ 30,000.00	\$ 30,000.00	-	-	0%
<b>Project: 611 - Recycled Water Program Total:</b>		<b>\$ 30,000.00</b>	<b>\$ 30,000.00</b>	<b>-</b>	<b>-</b>	<b>0%</b>

Status:  
Roll over to FY 18/19.

<b>Project: 702 - Sewer Collections System Cleaning</b>						
<a href="#">092-702-60800</a>	Contract Services	\$ -	\$ -	-	-	0%
<a href="#">092-702-74100</a>	Improvements	\$ 50,000.00	\$ 50,000.00	44,266.66	5,733.34	89%
<b>Project: 702 - Sewer Collections System Cleaning Total:</b>		<b>\$ 50,000.00</b>	<b>\$ 50,000.00</b>	<b>44,266.66</b>	<b>5,733.34</b>	<b>89%</b>

Status:  
Project is complete.

		Original Total Budget	Current Total Budget	Fiscal Activity	Amount Remaining Favorable	Percent Used
<b>Project: 704 - Sewer Line Replacement</b>						
<a href="#">092-704-60800</a>	Contract Services	\$ -	\$ -	-	-	0%
<a href="#">092-704-74100</a>	Improvements	\$ 100,000.00	\$ 100,000.00	-	-	0%
<b>Project: 704 - Sewer Line Replacement Total:</b>		<b>\$ 100,000.00</b>	<b>\$ 100,000.00</b>	<b>-</b>	<b>-</b>	<b>0%</b>

Status:  
Roll over to FY 18/19.

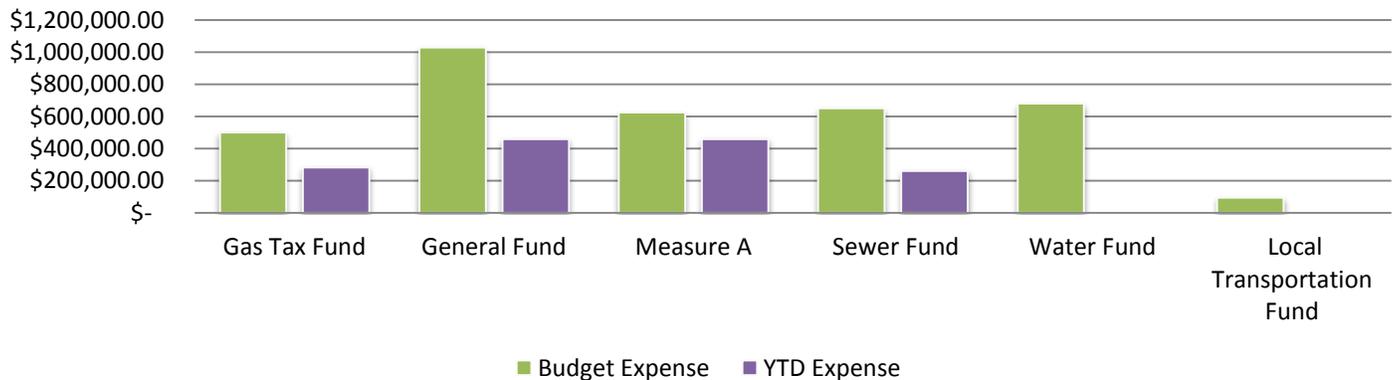
		Original Total Budget	Current Total Budget	Fiscal Activity	Amount Remaining Favorable	Percent Used
<b>Project: 706 - Wastewater Treatment Plant Facilities Improvement</b>						
<a href="#">092-706-60800</a>	Contract Services	\$ -	\$ -	-	-	0%
<a href="#">092-706-74100</a>	Improvements	\$ 500,000.00	\$ 500,000.00	217,472.27	282,527.73	43%
<b>Project: 706 - WWTP Facilities Improvement Total:</b>		<b>\$ 500,000.00</b>	<b>\$ 500,000.00</b>	<b>217,472.27</b>	<b>282,527.73</b>	<b>43%</b>

Status:  
Repairs for Clarifiers have been completed. Headwork repairs and auger replacement is still underway and manufacture had delays to September 2018.

<b>Fund: 092 - Capital Improvement Project Fund Surplus (Deficit):</b>	<b>\$ 3,578,500.00</b>	<b>3,578,500.00</b>	<b>1,461,488.37</b>	<b>2,117,011.63</b>	<b>41%</b>
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## Capital Improvement Project (CIP) Analysis

### CIP Budget vs. Actual Expenditures by funding source



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 shows that the CIPs in progress are within budgeted amounts.

Of the budgeted CIPs, five projects have been completed. The Post Office alarm system replacement was completed with only 49 percent of the budget expended. The Avenue of Flags Park and Pedestrian sidewalk repairs, Hwy 246 sidewalk, and Sewer Collections System Cleaning projects were completed under budget. FY 15/16 and FY 16/17 Road Maintenance Project was completed slightly over budget. The Storm Drain Cleaning Project, and Wastewater facilities improvements are in progress and spending will be rolled over to Fiscal Year 2018/19.

At the end of the fourth quarter, the following projects have begun their initial phases: Industrial Way Street Lights, Phase III Hwy 246 Sycamore Pedestrian Xing, and FY 17/18 Road Maintenance Project. The projects are expected to be completed during the next fiscal year. Other CIPs that were not completed by June 30, 2018 will be rolled over to Fiscal Year 2018/19.