

# CITY OF BUELLTON



## QUARTERLY FINANCIAL REPORT

*Second Quarter Ending December 31, 2018*

**January 24, 2019**

### Overview

The purpose of this financial report is to provide financial information for the City of Buellton. This report focuses on the second quarter of fiscal year 2018-19 and covers the period July 1, 2018 through December 31, 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 national economy experienced a .01% drop in consumer prices for December (1.9% annual increase). It was their first drop in over nine months that was attributed to the sharp decrease in the gasoline index which fell 7.5%.

The unemployment rate increased to 3.9% from 3.7%, but even the decrease showed a strong job market. The U.S. added 312,000 jobs in December.

The Federal Reserve may slow its policy of raising interest rates due to the volatility in the stock market. There may be signs of a slowing economy due to the stock market performance and potentially from the current government shutdown.

### State Economy

California unemployment rate remains unchanged for the third consecutive month at 4.1% at the end of November, remaining at a record low in the official data series dating back to 1976. The largest job gains were in the professional and business services (19,100) and manufacturing sectors (6,600). Consumer Price Index in the Los Angeles area was down 0.3% over the past month, up 3.2% from a year ago. Energy prices rose 9.2% largely the result of an increase in the price of gasoline. The index for all items less food and energy increased 3.0% over the year.

Data through November 2018 from Zillow indicate the median home value in California is \$547,900. California home values have gone up 5.6% over the past year and Zillow predicts they will rise 7.6% within the next year. The median rent price in California is \$2,750.

### City of Buellton

The City's General Fund ended the second quarter of 2018-19 with about \$8.6 Million in fund balance and finished the quarter with over \$8.4 Million in cash balance. Revenues reached 41 percent of budget while expenditures remained within appropriations, ending the quarter at 41 percent.

The Enterprise funds completed the quarter with positive results. The Water Fund ended the quarter with a fund balance of about \$6.3 Million and \$2.9 Million in cash. The Sewer Fund ended the quarter with a fund balance of \$3.2 Million and \$1.4 Million in cash. Water and sewer rates increased in July 2018 to ease future operating deficits and fund planned capital improvement projects. 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 50 percent of the year complete, revenues are below projections at 41 percent while expenditures are below expected projections at 41 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	\$ 6,000,000	\$ 7,643,088	\$ 8,427,913	
Revenues *	7,741,398	8,511,033	3,501,880	41%
Expenditures *	(7,504,173)	(7,946,291)	(3,289,389)	41%
Balance, at End of Year	<u>\$ 6,237,225</u>	<u>\$ 8,207,830</u>	<u>\$ 8,640,404</u>	
* Includes Transfers				

**Table 1: General Fund Balance**

	<b>Q2 FY 2018-19</b>	<b>Q2 FY 2017-18</b>	<b>Over (Under)</b>	<b>Percent</b>
<b>Revenues:</b>				
Taxes	\$ 3,285,551	\$ 2,895,546	\$ 390,005	13%
Fees and Permits	10,125	5,795	\$ 4,330	75%
Fines and Penalties	5,616	7,772	\$ (2,156)	-28%
Charges for Current Services	72,127	88,101	\$ (15,974)	-18%
Other Revenue	128,461	71,091	\$ 57,370	81%
<b>Total Revenue</b>	<u>\$ 3,501,880</u>	<u>\$ 3,068,305</u>	<u>\$ 433,575</u>	<u>14%</u>
<b>Expenditures:</b>				
General Government	\$ 3,286,874	\$ 3,364,083	\$ (77,209)	-2.35%
Minor Capital	2,515	22,599	(20,084)	-799%
<b>Total Expenditures</b>	<u>\$ 3,289,389</u>	<u>\$ 3,386,682</u>	<u>(97,293)</u>	<u>-3.0%</u>
<b>Change in Fund Balance</b>	<u>\$ 212,491</u>	<u>\$ (318,377)</u>	<u>530,868</u>	<u>-167%</u>

**Table 2: Previous Year Comparison**

Table 2 above provides summary comparison information on revenues and expenditures for the quarter ending December 31, 2018 versus the prior year quarter December 31, 2017. Further revenue and expenditure analysis will be discussed later in this report. Total revenues are higher in the current year by about \$433 thousand, or 12 percent. The major cause of this variance is due to the increase in transient occupancy tax (TOT) resulting from higher occupancy rates attributed to the addition of the Hampton Inn. TOT revenue is about \$100 thousand higher compared to last year during the same period. Additionally, the city received about \$60 thousand more in property tax compared to the prior year due to increases in home values and addition of townhomes to the tax roll. Furthermore, the City received about \$218 thousand more in sales tax revenue compared to the previous year due to increased commercial activity. In addition, the other revenue contains interest earned. As of December 31, 2018, the interest from the Local Agency Investment Fund (LAIF) was 2.40 percent compared to a 1.20 percent interest rate from the prior year quarter. Interest earnings year-to-date has increased \$36 thousand from the previous year.

Expenditures are about \$97 thousand less this quarter compared to the prior year quarter. The decrease is due to the timing of payments made during the FY 17/18 compared to FY 18/19. For example, payments for certain contract services such as Engineering, often lag a month or two. Expenditures will be updated monthly as they become due and will be reflected in monthly reports. Expenditures are expected to be within appropriated amounts by the end of the fiscal year.

Furthermore, there were more minor capital expenditures in the previous fiscal year. In the first quarter of FY 17/18, the server equipment was replaced, new cubicle walls were installed and new standing desks were installed. In contrast, during the current fiscal year, only minor equipment has been purchased.

### **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	2,346,000	2,412,000	972,835	40%
TOT	1,938,000	2,450,000	1,388,087	57%
Property Tax	1,308,150	1,461,244	843,915	58%
MVLF Swap	430,000	470,641	-	0%
Franchise Fees	229,500	229,500	62,860	27%
Other Revenues*	1,489,748	1,487,648	234,183	16%
<b>Total Revenues</b>	<b>7,741,398</b>	<b>8,511,033</b>	<b>3,501,880</b>	<b>41%</b>

**Table 3**

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

### **Sales Tax**

As of December 31, 2018, the City received 40 percent of the total projected Sales Tax revenue. Only sales tax received through October has been recorded. 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 sales tax are expected 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 receipts have been recorded through November 2018. The City expects TOT revenue streams to exceed budgeted levels with total receipts at 57 percent at the end of the second quarter. The increase is attributed to the higher occupancy rates.

### **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 is above target at 58 percent, and the City can expect to exceed target by the end of the fiscal year. Rising property values, commercial and residential growth are attributed to the expected 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 (MVLV Swap)**

Payments for 2018-19 are expected to be on course with the budget. Payments from the County are received usually in 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 ended the quarter at 27 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 (MVLV) and Franchise Fees. These revenues account for almost 92% of total General Fund Revenues.*

**Expenditures**

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

Department Expenditures	Original Budget	Current Budget	YTD Actual	% Expended
City Council	132,347	134,187	59,638	44%
City Manager	241,720	241,466	107,847	45%
City Clerk	119,213	119,213	54,728	46%
City Attorney	188,700	188,700	58,311	31%
<b>Non-Departmental</b>	<b>1,044,509</b>	<b>1,109,201</b>	<b>768,329</b>	<b>69%</b>
Finance	167,082	178,259	83,172	47%
Police and Fire	2,189,185	2,001,052	848,744	42%
Library	176,910	176,910	145,255	82%
Recreation	514,978	529,159	251,141	47%
Street Lights	65,000	65,000	26,418	41%
Storm Water	204,012	334,012	72,757	22%
Public Works - Parks	304,135	316,435	179,105	57%
Public Works - Landscape	108,120	120,346	57,816	48%
Public Works - General	665,961	669,601	299,431	45%
Planning (Comm Dev)	353,801	452,180	169,200	37%
Transfer to CIP Fund 92	1,028,500	1,310,570	107,498	8%
<b>Total All Departments</b>	<b>7,504,173</b>	<b>7,946,291</b>	<b>3,289,389</b>	<b>41%</b>

**Table 4: General Fund Expenditures by Department**

As of December 31 2018, or 50 percent of the year expended, the General Fund ended the quarter at 41 percent expended (including CIP). Actual General Fund expenditures were approximately \$ 3.2 Million. Almost all Budget Units ended the quarter within budget except for Non-Departmental, Library and Public Works – Parks.

The Non-Departmental budgetary unit includes one-time payments made annually. For example, insurance payments, CalPERS Accrual Unfunded Liability, Community Support, and Transfers to Other Funds. These annual payments amount to approximately \$432.8 thousand. This budgetary unit is expected to even-out during the course of the fiscal year and is expected to be within budget.

The Library services contract of \$141,641 is paid as a lump sum for service for the entire fiscal year causing the department to have an overage. Expenditures in this department are expected to be within budget at the end of the fiscal year.

The Parks Department experienced an overage due to various irrigation repairs on Avenue of Flags. Sprinklers were repaired at Medians 1,2,4,5 and 6. Repairs and Maintenance will be monitored through the remaining of the fiscal year. Expenditures for Parks are expected to be within budget at the end of the fiscal year.

**Major Expenditure Variances**

Expenditures By Type	Original Budget	Current Budget	YTD Actual	% Expended
Staffing	1,602,424	1,750,634	786,910	45%
Contract Services	3,213,409	2,970,236	1,316,937	44%
Telecomm and Utilities	213,155	279,261	150,296	54%
Supplies and Materials	39,678	32,664	12,593	39%
Repair and Maintenance	216,150	210,350	106,546	51%
Transfer to Other Funds	1,186,170	1,463,570	260,498	18%
Other Operating Costs	984,987	1,191,376	653,094	55%
Minor Capital	48,200	48,200	2,515	5%
<b>Total by Type</b>	<b>7,504,173</b>	<b>7,946,291</b>	<b>3,289,389</b>	<b>41%</b>

Table 5: Expenditure Categories

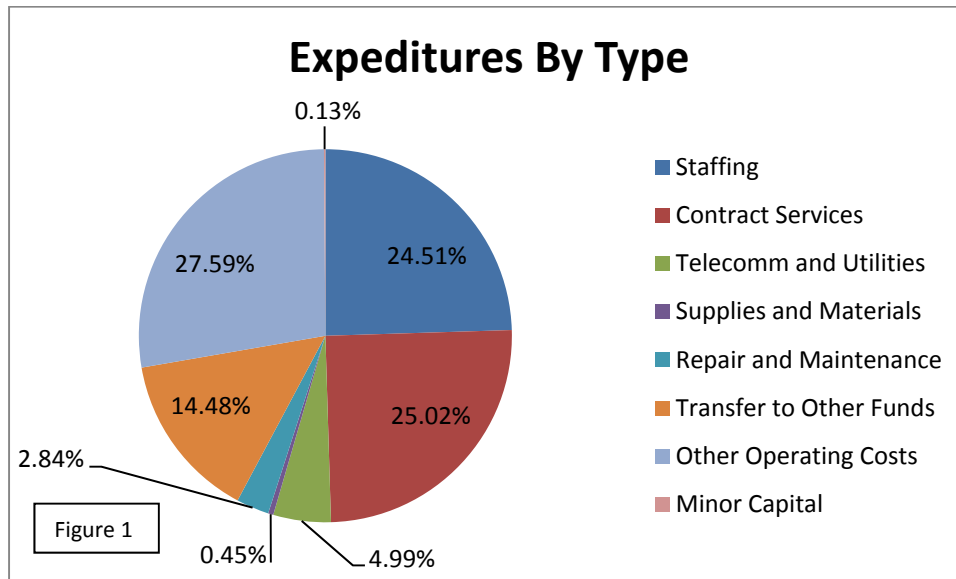


Table 5 and Figure 1 show General Fund operating costs and minor capital expenditures summarized by type. With 50 percent of the year expended, all budget categories are within budget with the exception of Telecomm and Utilities and other Operating Costs. The Telecomm and Utilities overage resulted from water and sewer rate increases that went into effect on July 1, 2018. The City pays for basic water service and water usage at City Parks, various irrigation meters, Wastewater Treatment Plant, Chamber of Commerce, Post Office, City Hall, and Police Station. The City of Buellton currently records water and sewer expenditures on a monthly basis and will continue to monitor the water service charges for the General Fund and will make a budget adjustment if the Telecomm and Utilities category continues to be over budget.

Other Operating Costs accounts for about 27 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.

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.

**ENTERPRISE FUNDS**

The Enterprise Fund Balance and Statement of Net Position for the second quarter of Fiscal Year 2018-19 are shown below.

**Fund Balance Summary**

Enterprise Fund Balance	Water	Water Capital	Wastewater	Wastewater Capital
<b>Beginning Fund Balance</b>	<b>\$ 5,959,609</b>	<b>\$ 325,189</b>	<b>\$ 3,143,179</b>	<b>\$ 196,218</b>
Operating Revenue	1,417,969	1,906	652,043	1,212
Operating Expenses	(1,046,458)	-	(513,636)	-
<b>Operating Profit(Loss)</b>	<b>\$ 371,511</b>	<b>\$ 1,906</b>	<b>\$ 138,406</b>	<b>\$ 1,212</b>
Transfers Out for CIP	-	-	-	-
<b>Ending Fund Balance</b>	<b>\$ 6,331,121</b>	<b>\$ 327,095</b>	<b>\$ 3,281,586</b>	<b>\$ 197,430</b>

Table 6

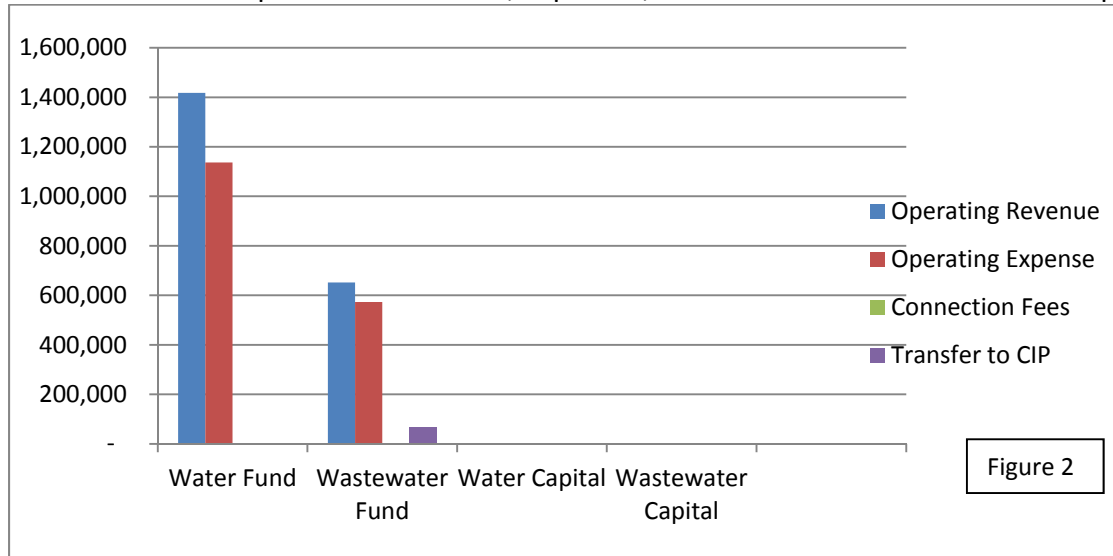
Note: Operating expenses do not reflect estimated depreciation.

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	2,975,791	287,020	1,499,381	182,588
Receivables	217,382	958	109,413	603
Inventory	34,282	-	-	-
Prepaid Items	485,194	-	9,108	-
Total current assets	3,712,649	287,978	1,617,902	183,191
Capital assets (net of accumulated depreciation)	3,109,987	39,117	2,142,236	14,238
Other assets	176,299	-	168,615	-
<b>Total Assets:</b>	<b>\$ 6,998,936</b>	<b>\$ 327,095</b>	<b>\$ 3,928,753</b>	<b>\$ 197,430</b>
<b>LIABILITIES</b>				
Current Liabilities	66,468	-	45,769	-
Noncurrent Liabilities	581,112	-	581,141	-
Other Liabilities	20,234	-	20,257	-
<b>Total Liabilities:</b>	<b>\$ 667,814</b>	<b>\$ -</b>	<b>\$ 647,167</b>	<b>\$ -</b>
<b>NET POSITION (Assets - Liabilities)</b>	<b>\$ 6,331,121</b>	<b>\$ 327,095</b>	<b>\$ 3,281,586</b>	<b>\$ 197,430</b>
<i>Net Position Breakdown</i>				
Net Investment in Capital Assets	3,109,987	39,117	2,142,236	14,238
Unrestricted	3,221,134	287,978	1,139,350	183,191
Total Net Position	\$ 6,331,121	\$ 327,095	\$ 3,281,586	\$ 197,430

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>5,959,609</b>	<b>325,189</b>	<b>6,284,798</b>
<b>Revenues</b>			
Charge for Services	1,396,825	-	1,396,825
Interest Income	18,421	1,906	20,327
Connection Fees	-	-	-
<b>Total Operating Revenue</b>	<b>1,415,246</b>	<b>1,906</b>	<b>1,417,152</b>
Other Revenues	2,723	-	2,723
<b>Total Revenues</b>	<b>1,417,969</b>	<b>1,906</b>	<b>1,419,875</b>
<b>Expenses</b>			
Operating	417,907	-	417,907
Depreciation**	90,270	-	90,270
State Water	628,551	-	628,551
<b>Total Operating Expenses</b>	<b>1,136,728</b>	<b>-</b>	<b>1,136,728</b>
<b>Operating Profit(Loss)</b>	<b>281,241</b>	<b>1,906</b>	<b>283,147</b>
Transfers Out - CIP	-	-	-
Transfers from Reserves	-	-	-
<b>Ending Fund Balance</b>	<b>6,240,850</b>	<b>327,095</b>	<b>6,567,945</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 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 \$281 thousand at the end of the second quarter 2018-2019 (excludes Capital Improvement expenses). On July 1, 2018, the third phase of water rate increases took effect. The water rate increase will help reverse past operating deficits. 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 first half of the fiscal year, and is currently operating with a surplus. The Water Fund ended the second quarter with approximately \$2.9 Million in cash (Table 7) and fund balance of approximately \$6.2 Million.

Table 9 illustrates the Water Fund budget to actuals. Charges for Services exceeded budget projections at 59 percent. The increase was due to the water rate increases that occurred in July. Interest income also exceeded budget projections due to the LAIF earnings of 2.40 percent interest earnings.

The Water Fund utilizes reserves to fund Capital Improvement projects (CIPs) which are budgeted at \$475 thousand in the current fiscal year. There were no capital expenses during the first half of the fiscal year. Overall, Water Fund expenses were under budget at 37 percent expended.

Water Fund 020	Original Budget	Current Budget	YTD Actuals	Percent
<b>Revenues</b>				
Charge for Services	1,845,690	2,383,100	1,396,825	59%
Interest Income	8,670	16,000	18,421	115%
<b>Total Operating Revenue</b>	<b>1,854,360</b>	<b>2,399,100</b>	<b>1,415,246</b>	<b>59%</b>
Other Revenues	-	-	2,723	0%
Transfer from Reserves	600,000	600,000	-	0%
<b>Total Revenues</b>	<b>2,454,360</b>	<b>2,999,100</b>	<b>1,417,969</b>	<b>47%</b>
<b>Expenses</b>				
Operating	1,443,860	1,448,147	417,907	29%
Depreciation**	180,540	180,540	90,270	50%
State Water	1,417,800	1,417,800	628,551	44%
<b>Total Expenses</b>	<b>3,042,200</b>	<b>3,046,487</b>	<b>1,136,728</b>	<b>37%</b>
Transfers for CIP*	(475,000)	(475,000)	-	0%

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

\*Will be capitalized at the end of the fiscal year.

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 second quarter is about \$327 thousand (Table 8). As mentioned in the Water Fund portion, none of the budgeted CIP expenses for the fiscal year have occurred. Table 10 below illustrates the Water Capital budget to actuals. Both revenue and expenditures performed below expected budget.

Water Capital 021	Current Budget	YTD Actuals	Percent
<b>Revenues</b>			
Connection Fees	200,000	-	0%
Interest Income	-	1,906	
Transfer In from Fund 020	234,600	-	0%
<b>Total Revenue</b>	<b>434,600</b>	<b>1,906</b>	<b>0%</b>
<b>Expenses</b>			
Depreciation	-	-	-
Transfer to CIP Projects	525,000	-	0%
<b>Total Expenditures</b>	<b>525,000</b>	<b>-</b>	<b>0%</b>

Table 10



## Wastewater

Wastewater and Wastewater Capital Funds	Wastewater	Wastewater Capital	Wastewater Total
<b>Beginning Fund Balance</b>	<b>3,143,179</b>	<b>196,218</b>	<b>3,339,397</b>
<b>Revenues</b>			
Charge for Services	642,401	-	642,401
Interest Income	9,641	1,212	10,853
Connection Fees*	-	-	113,352
Total Operating Revenue	652,043	1,212	766,606
Other Revenues	-	-	-
<b>Total Revenues</b>	<b>652,043</b>	<b>1,212</b>	<b>766,606</b>
<b>Expenses</b>			
Operating	513,636	-	513,636
Depreciation**	127,500	-	127,500
Total Operating Expenses	641,136	-	641,136
<b>Operating Profit(Loss)</b>	<b>10,906</b>	<b>1,212</b>	<b>125,470</b>
Transfers Out - CIP	-	-	-
Transfers from Reserves	-	-	-
<b>Ending Fund Balance</b>	<b>3,154,085</b>	<b>197,430</b>	<b>3,351,515</b>

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

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 revenues exceeded operating expenses causing the Wastewater fund to experience a net operating surplus of about \$10,906 in the second quarter of 2018-19 (excluding Capital Improvement Project expenses which will be recorded in the Wastewater Capital Fund). On July 1, 2018, the third phase of sewer rate increases took effect. The rate increases will help reverse the operating deficit and fund the capital improvement projects. The operating loss has begun to reverse at a slow pace as of the second quarter report; however, the trend is expected to improve once the Wastewater fund experiences the full year at increased rates. The Wastewater fund ended the fiscal year with about \$1.4 Million in cash (Table 8) and fund balance of approximately \$3.1 Million. Both the Wastewater Fund and Wastewater Capital Fund experienced an increase in fund balance.

Table 12 on the following page illustrates the Wastewater Fund budget to actuals. Charges for Services exceeded budget projections at 57%. The increase was due to the sewer rate increases that occurred in July. Interest income has also exceeded revenue projections due to the second quarter LAIF earnings of 2.40 percent.

The Wastewater Fund utilizes reserves to fund Capital Improvement Projects (CIPs) which are budgeted at \$400 thousand in the current fiscal year, but there was enough revenue to cover the CIP expenditures. The current Wastewater CIP in progress is the Wastewater Treatment Plant Facilities Improvement.

<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	899,130	1,131,960	642,401	57%
Interest Income	7,140	11,000	9,641	88%
<b>Total Operating Revenue</b>	<b>906,270</b>	<b>1,142,960</b>	<b>652,043</b>	<b>57%</b>
Other Revenues	-	-	-	0%
Transfer from Reserves	300,000	300,000		0%
<b>Total Revenues</b>	<b>1,206,270</b>	<b>1,442,960</b>	<b>652,043</b>	<b>45%</b>
<b>Expenses</b>				
Operating	1,357,584	1,378,112	513,636	37%
Depreciation**	255,000	255,000	127,500	50%
<b>Total Operating Expenses</b>	<b>1,612,584</b>	<b>1,633,112</b>	<b>641,136</b>	<b>39%</b>
Transfers for CIP*	(400,000)	(400,000)	(67,816)	17%
** Depreciation is estimated. Final depreciation will be calculated at the end of the fiscal year.				
*Will be capitalized at the end of the fiscal year.				

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 second quarter is \$197,430 (Table 11). Table 13 below illustrates the Wastewater Capital budget to actuals. Both revenue and expenditures performed below expected budget.

<b>Wastewater Capital 006</b>	<b>Current Budget</b>	<b>YTD Actuals</b>	<b>Percent</b>
<b>Revenues</b>			
Connection Fees	95,000	-	0%
Interest Income	-	1,212	0%
Transfer In from Fund 005	-	-	0%
<b>Total Revenue</b>	<b>95,000</b>	<b>1,212</b>	<b>1%</b>
<b>Expenses</b>			
Depreciation	-	-	-
Transfer to CIP Projects	425,000	-	0%
<b>Total Expenses</b>	<b>425,000</b>	<b>-</b>	<b>0%</b>

Table 13



City of Buellton, CA

# Capital Improvement Budget Report

## Second Quarter Summary

For Fiscal: 2018-2019 Period Ending: 12/31/2018

		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	142,330.23	357,669.77	28%
<a href="#">092-49727</a>	Transfer from General Fund	\$ 1,283,170.00	\$ 1,310,570.00	106,597.62	1,203,972.38	8%
<a href="#">092-49728</a>	Transfer from Measure A	\$ 620,000.00	\$ 620,000.00	121,605.75	498,394.25	20%
<a href="#">092-49729</a>	Transfer from Sewer Fund	\$ 425,000.00	\$ 425,000.00	67,816.09	357,183.91	16%
<a href="#">092-49732</a>	Transfer from Water Fund	\$ 525,000.00	\$ 525,000.00	262.50	524,737.50	0%
<a href="#">092-49733</a>	Transfer from Local Transportation Fund	\$ 600,000.00	\$ 600,000.00	-	600,000.00	0%
	<b>Funding Total:</b>	<b>\$ 3,953,170.00</b>	<b>\$ 3,980,570.00</b>	<b>\$ 438,612.19</b>	<b>\$ 3,541,957.81</b>	<b>11%</b>

**Expense**

**Project: 101 - Storm Drain Cleaning and Retrofit**

<a href="#">092-101-60800</a>	Contract Services	\$ -	\$ -	-	-	0%
<a href="#">092-101-74100</a>	Improvements	\$ 20,000.00	\$ 20,000.00	-	20,000.00	0%
<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>-</b>	<b>20,000.00</b>	<b>0%</b>

**Status:**

Project is almost complete, waiting on contractor invoice.

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

<a href="#">092-102-60800</a>	Contract Services	\$ -	\$ -	-	-	0%
<a href="#">092-102-74100</a>	Improvements	\$ 10,000.00	\$ 10,000.00	-	10,000.00	0%
	<b>Project: 102 - Storm Drain Outfall Repairs and Re-Establishment Total:</b>	<b>\$ 10,000.00</b>	<b>\$ 10,000.00</b>	<b>-</b>	<b>10,000.00</b>	<b>0%</b>

**Status:**

Project is almost complete, waiting on contractor invoice.

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

<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>\$ -</b>	<b>\$ 25,000.00</b>	<b>-</b>	<b>25,000.00</b>	<b>0%</b>

**Status:**

Project has not yet started.

**Project: 206 - Ave of Flags Pedestrian Sidewalk Improvements**

<a href="#">092-206-74100</a>	Improvements	\$ -	\$ -	-	-	0%
	<b>Project: 206 - Ave of Flags Ped Improvements Total:</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>0%</b>

**Status:**

Project was completed in FY 17/18.

		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	-	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>20,000.00</b>	<b>0%</b>

Status:  
Project has not yet started.

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

Status:  
Project has not yet started.

<b>Project: 213 - Post Office Fire Alarm System Replacement</b>						
<a href="#">092-213-74100</a>	Improvements	\$ -	\$ -	-	-	0%
<b>Project: 213 - Post Office Fire Alarm System Replacement Total:</b>		<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>0%</b>

Status:  
Project was completed during FY 17/18.

<b>Project: 214 - City Hall Generator/Electrical Replacement</b>						
<a href="#">092-214-78000</a>	Contract Services	\$ -	\$ -	-	-	0%
<a href="#">092-214-74100</a>	Improvements	\$ -	\$ 40,000.00	-	40,000.00	0%
<b>Project: City Hall Generator/Electrical Replacement Total:</b>		<b>\$ -</b>	<b>\$ 40,000.00</b>	<b>-</b>	<b>40,000.00</b>	<b>0%</b>

Status:  
Project has not yet started. City staff has applied for a grant.

<b>Project: 215 - Avenue of Flags Specific Plan Implementation</b>						
<a href="#">092-215-78000</a>	Contract Services	\$ -	\$ -	-	-	0%
<a href="#">092-215-74100</a>	Conceptual Plan/Feasibility	\$ -	\$ 250,000.00	2,992.50	247,007.50	1%
<b>Project: Avenue of Flags Specific Plan Implementation:</b>		<b>\$ -</b>	<b>\$ 250,000.00</b>	<b>2,992.50</b>	<b>247,007.50</b>	<b>1%</b>

Status:  
Conceptual design has commenced.

<b>Project: 216 - Storage Shed</b>						
<a href="#">092-216-78000</a>	Contract Services	\$ -	\$ -	-	-	0%
<a href="#">092-216-74100</a>	Improvements	\$ -	\$ 27,400.00	27,020.35	379.65	99%
<b>Project: Storage Shed Total:</b>		<b>\$ -</b>	<b>\$ 27,400.00</b>	<b>27,020.35</b>	<b>379.65</b>	<b>99%</b>

Status:  
Project is complete.

		Original Total Budget	Current Total Budget	Fiscal Activity	Remaining Favorable (Unfavorable)	Percent Used
<b>Project: 306 - Phase III Hwy 246/Sycamore Ped Xing</b>						
<a href="#">092-306-60800</a>	Contract Services	\$ 100,000.00	\$ 70,000.00	1,312.50	68,687.50	2%
<a href="#">092-306-74100</a>	Improvements	\$ 570,000.00	\$ -	-	-	0%
<b>Project: 306 - Phase III Hwy 246/Sycamore Ped Xing Total:</b>		<b>\$ 670,000.00</b>	<b>\$ 70,000.00</b>	<b>1,312.50</b>	<b>68,687.50</b>	<b>2%</b>

Status:  
Project design has commenced.

		Original Total Budget	Current Total Budget	Fiscal Activity	Remaining Favorable (Unfavorable)	Percent Used
<b>Project: 307 - McMurray Road Widening/TS</b>						
<a href="#">092-307-60800</a>	Contract Services	\$ 100,000.00	\$ 100,000.00	800.00	99,200.00	1%
<a href="#">092-307-70000</a>	Design and Permitting	\$ 50,000.00	\$ 50,000.00	-	50,000.00	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	\$ 350,000.00	\$ 125,000.00	-	125,000.00	0%
<b>Project: 307 - McMurray Road Widening/TS Total:</b>		<b>\$ 500,000.00</b>	<b>\$ 300,000.00</b>	<b>800.00</b>	<b>299,200.00</b>	<b>0%</b>

Status:  
Right-of-way (ROW) acquisition has resumed.

		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	\$ 120,000.00	\$ 120,000.00	-	120,000.00	0%
<a href="#">092-308-70000</a>	Design/Permitting	\$ -	\$ 75,000.00	-	75,000.00	0%
<a href="#">092-308-71200</a>	Right of Way Acquisition	\$ -	\$ -	-	-	0%
<a href="#">092-308-74100</a>	Improvements	\$ 480,000.00	\$ 405,000.00	-	405,000.00	0%
<b>Project: 308 - No. Ave of Flags Park and Ride Total:</b>		<b>\$ 600,000.00</b>	<b>\$ 600,000.00</b>	<b>-</b>	<b>600,000.00</b>	<b>0%</b>

Status:  
Project has not yet started.

		Original Total Budget	Current Total Budget	Fiscal Activity	Remaining Favorable (Unfavorable)	Percent Used
<b>Project: 311 - Industrial Way Street Lights</b>						
<a href="#">092-311-60800</a>	Contract Services	\$ 60,000.00	\$ 60,000.00	2,487.50	57,512.50	4%
<a href="#">092-311-70000</a>	Design/Permitting	\$ -	\$ 82,500.00	-	82,500.00	0%
<a href="#">092-311-74100</a>	Improvements	\$ 340,000.00	\$ 69,670.00	-	69,670.00	0%
<b>Project: 311 - Industrial Way Street Lights Total:</b>		<b>\$ 400,000.00</b>	<b>\$ 212,170.00</b>	<b>2,487.50</b>	<b>209,682.50</b>	<b>1%</b>

Status:  
Staff has provided layout to PG&E. Awaiting for PG&E design documents and cost estimate.

		Original Total Budget	Current Total Budget	Fiscal Activity	Remaining Favorable (Unfavorable)	Percent Used
<b>Project: 312 - Hwy 246 /Sidewalk (Caltrans)</b>						
<a href="#">092-312-60800</a>	Contract Services	\$ -	\$ -	-	-	0%
<a href="#">092-312-74100</a>	Improvements	\$ -	\$ -	-	-	0%
<b>Project: 312 - Hwy 246 /Sidewalk (Caltrans) Total:</b>		<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>0%</b>

Status:  
Project was completed FY 17/18.

		Original Total Budget	Current Total Budget	Fiscal Activity	Amount Remaining Favorable (Unfavorable)	Percent Used
<b>Project: 313 - Road Maintenance Project 15/16 and 16/17</b>						
<a href="#">092-313-60800</a>	Contract Services	\$ -	\$ -	687.50	(687.50)	0%
<a href="#">092-313-74100</a>	Improvements	\$ -	\$ -	-	-	0%
<b>Project: 313 - Road Maintenance Project Total:</b>		<b>\$ -</b>	<b>\$ -</b>	<b>687.50</b>	<b>(687.50)</b>	<b>0%</b>

Status:  
Project was completed FY 17/18.

<b>Project: 314 - SD Inlet/Catch Basin Retrofit Improvement</b>						
<a href="#">092-314-60800</a>	Contract Services	\$ 45,000.00	\$ 45,000.00	-	45,000.00	0%
<a href="#">092-314-70000</a>	Design and Permitting	\$ 5,000.00	\$ 5,000.00	-	5,000.00	0%
<a href="#">092-314-74100</a>	Improvements	\$ 100,000.00	\$ 100,000.00	-	100,000.00	0%
<b>Project: 314 - SD Inlet/Catch Basin Retrofit Improvement Total:</b>		<b>\$ 150,000.00</b>	<b>\$ 150,000.00</b>	<b>-</b>	<b>150,000.00</b>	<b>0%</b>

Status:  
Project has not yet started.

<b>Project: 315 - Ave of Flags Pedestrian/Drainage Improvement</b>						
<a href="#">092-315-60800</a>	Contract Services	\$ 100,000.00	\$ 40,000.00	-	40,000.00	0%
<a href="#">092-315-70000</a>	Design/Permitting	\$ -	\$ 100,000.00	-	100,000.00	0%
<a href="#">092-315-74100</a>	Improvements	\$ 40,000.00	\$ -	-	-	0%
<b>Project: 315 - Ave of Flags Pedestrian/Drainage Improvement Total:</b>		<b>\$ 140,000.00</b>	<b>\$ 140,000.00</b>	<b>-</b>	<b>140,000.00</b>	<b>0%</b>

Status:  
Part of 18/19 Road Maintenance Project, which is in design.

<b>Project: 316- Road Maintenance Project (17/18)</b>						
<a href="#">092-316-60800</a>	Contract Services	\$ -	\$ 90,000.00	22,641.25	67,358.75	25%
<a href="#">092-316-70000</a>	Design/Permitting	\$ -	\$ 90,000.00	-	90,000.00	0%
<a href="#">092-316-74100</a>	Improvements	\$ -	\$ 270,000.00	263,699.00	6,301.00	98%
<b>Project: 316 - Road Maintenance Project (17/18) Total:</b>		<b>\$ -</b>	<b>\$ 450,000.00</b>	<b>286,340.25</b>	<b>163,659.75</b>	<b>64%</b>

Status:  
Project completed.

<b>Project: 317- Road Maintenance Project (18/19)</b>						
<a href="#">092-317-60800</a>	Contract Services	\$ 100,000.00	\$ 100,000.00	-	100,000.00	0%
<a href="#">092-317-70000</a>	Design/Permitting	\$ 100,000.00	\$ 100,000.00	18,275.00	81,725.00	18%
<a href="#">092-317-74100</a>	Improvements	\$ 300,000.00	\$ 300,000.00	30,618.00	269,382.00	0%
<b>Project: 317 - Road Maintenance Project (18/19) Total:</b>		<b>\$ 500,000.00</b>	<b>\$ 500,000.00</b>	<b>48,893.00</b>	<b>451,107.00</b>	<b>10%</b>

Status:  
Project is in design.

		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	\$ -	\$ -	262.50	(262.50)	0%
<a href="#">092-603-74100</a>	Improvements	\$ -	\$ 100,000.00	-	100,000.00	0%
<b>Project: 603 - WTP Facilities Improvement Total:</b>		<b>\$ -</b>	<b>\$ 100,000.00</b>	<b>262.50</b>	<b>99,737.50</b>	<b>0%</b>

Status:  
Repairs at McMurray WTPs are underway.

<b>Project: 607 - Water Meter Upgrades</b>						
<a href="#">092-607-74100</a>	Improvements	\$ 75,000.00	\$ 50,000.00	-	50,000.00	0%
<b>Project: 607 - Water Meter Upgrades Total:</b>		<b>\$ 75,000.00</b>	<b>\$ 50,000.00</b>	<b>-</b>	<b>50,000.00</b>	<b>0%</b>

Status:  
Project has not yet started.

<b>Project: 608 - Water Treatment Plant/Booster Power Reliability</b>						
<a href="#">092-608-74100</a>	Improvements	\$ 100,000.00	\$ 145,000.00	-	145,000.00	0%
<b>Project: 608 - WTP/Booster Power Reliability Total:</b>		<b>\$ 100,000.00</b>	<b>\$ 145,000.00</b>	<b>-</b>	<b>145,000.00</b>	<b>0%</b>

Status:  
Project is underway.

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

Status:  
Project has not yet started.

<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>\$ -</b>	<b>\$ 30,000.00</b>	<b>-</b>	<b>30,000.00</b>	<b>0%</b>

Status:  
Project has not yet started.

<b>Project: 702 - Sewer Collections System Cleaning</b>						
<a href="#">092-702-60800</a>	Contract Services	\$ -	\$ -	-	-	0%
<a href="#">092-702-74100</a>	Improvements	\$ -	\$ -	-	-	0%
<b>Project: 702 - Sewer Collections System Cleaning Total:</b>		<b>\$ -</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>0%</b>

Status: Completed during FY 17/18.

		Original Total Budget	Current Total Budget	Fiscal Activity	Remaining Favorable (Unfavorable)	Percent Used
<b>Project: 703 - Wastewater Treatment Plant Lift Station Security/Reliability</b>						
<a href="#">092-703-60800</a>	Contract Services	\$ -	\$ -	-	-	0%
<a href="#">092-703-74100</a>	Improvements	\$ -	\$ 25,000.00	-	25,000.00	0%
<b>Project: 703 - WWTP Lift Station Security/Reliability Total:</b>		<b>\$ -</b>	<b>\$ 25,000.00</b>	<b>-</b>	<b>25,000.00</b>	<b>0%</b>

Status:  
Project has not yet started.

		Original Total Budget	Current Total Budget	Fiscal Activity	Remaining Favorable (Unfavorable)	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	-	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>100,000.00</b>	<b>0%</b>

Status:  
Project has not yet started.

		Original Total Budget	Current Total Budget	Fiscal Activity	Remaining Favorable (Unfavorable)	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	\$ 300,000.00	\$ 300,000.00	67,816.09	232,183.91	23%
<b>Project: 706 - WWTP Facilities Improvement Total:</b>		<b>\$ 300,000.00</b>	<b>\$ 300,000.00</b>	<b>67,816.09</b>	<b>232,183.91</b>	<b>23%</b>

Status:  
Repairs at the WWTP are underway.

<b>Fund: 092 - Capital Improvement Project Fund Surplus (Deficit):</b>	<b>\$ 3,585,000.00</b>	<b>3,980,570.00</b>	<b>438,612.19</b>	<b>3,541,957.81</b>	<b>11%</b>
--	------------------------	---------------------	-------------------	---------------------	------------

### Fund Balance Analysis - Capital Improvement Project (CIP) Funding Sources (2018-19)

Fund	Est. Fund Equity 6/30/2018	FY 2018-19 YTD Revenue	FY 2018-19 YTD Expenditures	FY 2018-19 CIP Funding YTD	Est. 12/31/2018 Fund Equity	Change in Fund Equity
001 General Fund	8,427,913.48	3,501,879.84	(3,182,791.28)	(106,597.62)	8,640,404.42	212,490.94
005 Wastewater [1]	3,143,179.31	652,042.56	(573,320.06)	(67,816.09)	3,154,084.72	10,905.41
006 Wastewater capital	196,217.58	1,212.40	-	-	197,429.98	1,212.40
020 Water [2]	5,959,609.27	1,417,968.84	(1,136,465.01)	(262.50)	6,240,850.60	281,241.33
021 Water Capital	325,189.20	1,906.00	-	\$ -	327,095.20	1,906.00
025 Gas Tax	264,136.29	163,386.35	(41,569.62)	(142,330.23)	243,622.79	(20,513.50)
027 Local Transportation	175,558.15	171,358.85	(11,666.62)	-	335,250.38	159,692.23
031 Measure A	338,030.43	188,731.23	(40,000.00)	(121,605.75)	365,155.91	27,125.48
<b>Total Funding:</b>	<b>18,829,833.71</b>	<b>6,098,486.07</b>	<b>(4,985,812.59)</b>	<b>(438,612.19)</b>	<b>19,503,895.00</b>	<b>674,061.29</b>

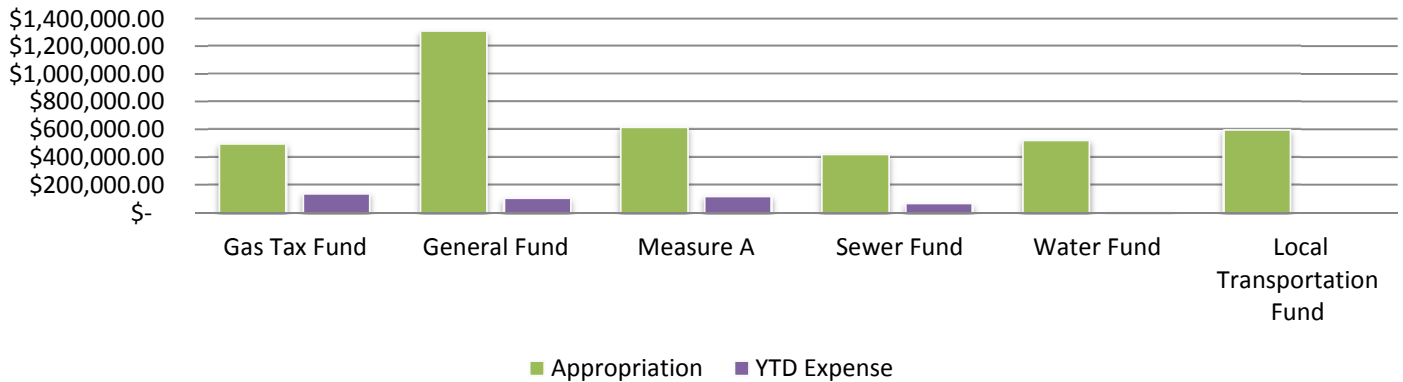
[1] 005- Wastewater Expenditures includes estimated depreciation of \$127,500. Actual depreciation posted at fiscal year end.

[2] 020- Water Expenditures includes estimated depreciation of \$90,270. Actual depreciation posted at fiscal year end.



## 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.

The Road Maintenance Project (17/18) has been completed with only 64 percent of the budget expended. The installation of the storage shed was also completed under budget with 99 percent of the budget expended. There are eight projects currently in progress: These projects are: Storm drain cleaning and retrofitting, storm drain outfall repairs and re-establishment, Phase III Hwy 246/Sycamore pedestrian Xing, McMurray Road widening, Industrial Way streetlights, Road Maintenance Project (18/19), Water Treatment Plant facilities improvement, and Wastewater Treatment Plant facilities improvement.

There are three projects currently in their initial planning stages and design phases. These projects may have little to no expenditures associated to them but future expenditures are anticipated. These projects are: City Hall Generator/Electrical Replacement, Avenue of the Flags Specific Plan conceptual design, and Water Treatment Plant and booster power reliability.

Projects that have not commenced or completed during the current fiscal year may be carried forward to the next fiscal year.