

# Fiscal Year 2017/18 Year-End Financial Review (Unaudited)

(For the year ended June 30, 2018)

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City of Goleta  
Council Meeting  
September 18, 2018



# General Fund Overview

- ▶ **Original Budget as adopted: \$24.9 million**
  - ▶ Adjusted in total by approximately \$10.2 million:
    - ▶ Carryover project budgets: \$1,608,094
    - ▶ Encumbrances: \$4,151,226
    - ▶ Additional appropriations: \$4,427,738 (as approved by Council to date)
      - ▶ Library related expenditures
      - ▶ Acquisition of 27 South La Patera Lane parcel
      - ▶ Various professional services related to consultants, repairs and tree maintenance
- ▶ **Current Budget stands at \$35.1 million as of today**

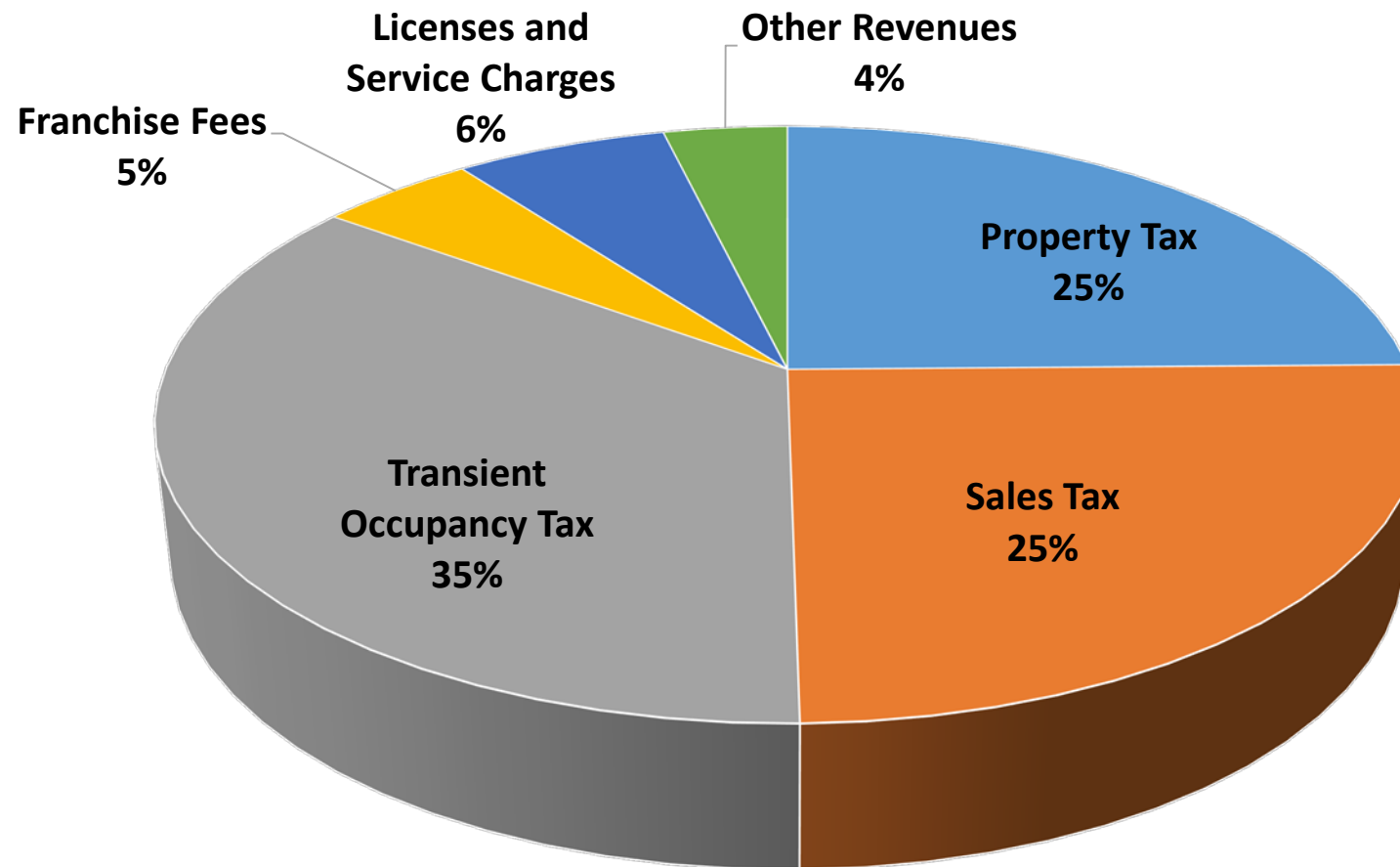
# General Fund Overview

	ORIGINAL BUDGET	REVISIONS	CURRENT BUDGET	RECOMMENDED REVISIONS	REVISED BUDGET
<b>Operating Revenues</b>	<b>\$ 25,791,716</b>	<b>\$ 439,368</b>	<b>\$ 26,231,084</b>	<b>\$ -</b>	<b>\$ 26,231,084</b>
Operating Expenditures	\$ 24,496,722	\$ 5,893,291	\$ 30,390,013	\$ -	\$ 30,390,013
Capital Expenditures	\$ 399,559	\$ 4,293,766	\$ 4,693,325	\$ 21,000	\$ 4,714,325
<b>Total Expenditures</b>	<b>\$ 24,896,281</b>	<b>\$ 10,187,058</b>	<b>\$ 35,083,339</b>	<b>\$ 21,000</b>	<b>\$ 35,104,339</b>
<b>Net Change</b>	<b>\$ 895,435</b>	<b>\$ (9,747,690)</b>	<b>\$ (8,852,255)</b>	<b>\$ (21,000)</b>	<b>\$ (8,873,255)</b>

- ▶ Staff is recommending one cleanup adjustment:
  - ▶ Increase Capital Expenditures by \$21,000 (~0.06% increase)
- ▶ Overall net change results (\$21,000) to Fund Balance

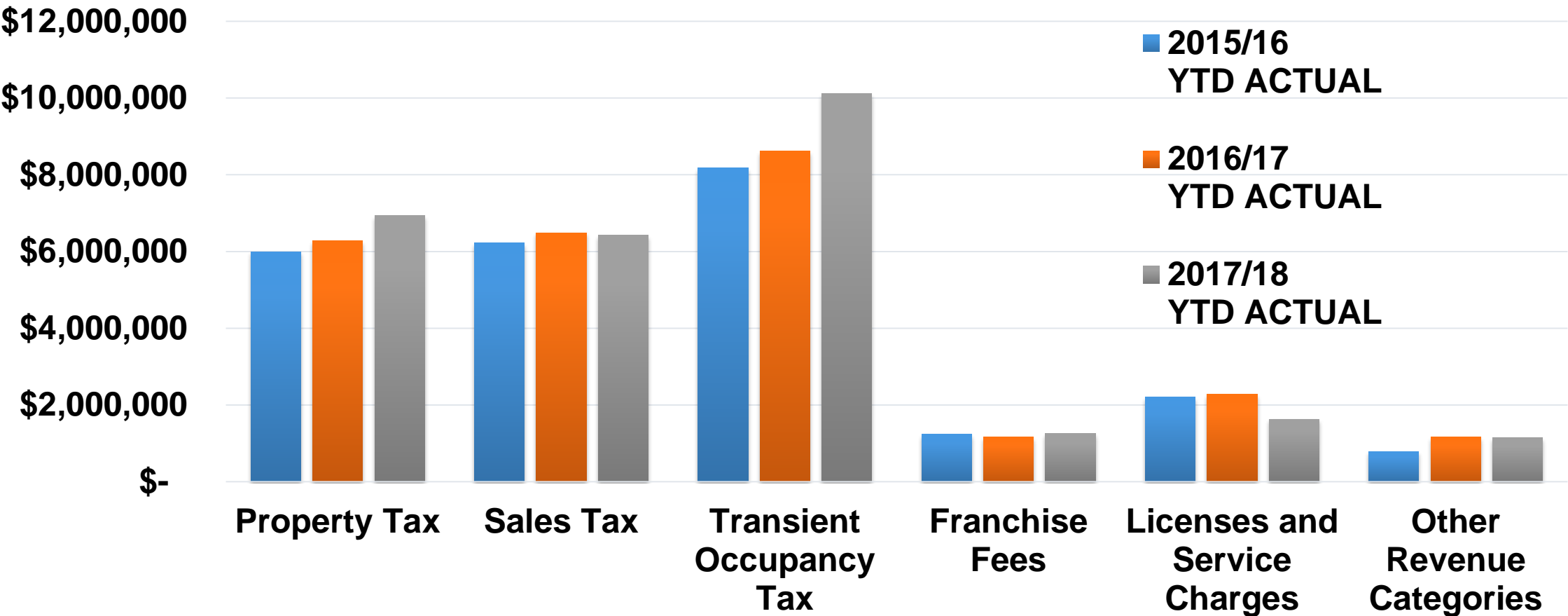
# General Fund Revenues

- ▶ **Total General Fund Revenues: \$26.2 M (Budget)**



# General Fund Revenues

Prior Year Comparisons - Q4 YTD Actuals



# General Fund Revenues

- ▶ **Overall tax revenues are tracking as expected at 105.0% of total budget when compared to last year at 99.7%**
- ▶ **Tax Revenue Budget Variances:**

TAXES	2017/18 BUDGET	2017/18 YTD ACTUAL	% OF BUDGET	2016/17 YTD ACTUAL	% OF PRIOR YEAR BUDGET
Property Tax	\$ 6,490,218	\$ 6,931,399	106.8%	\$ 6,284,688	103.9%
Sales Tax	6,556,870	6,424,757	98.0%	6,491,121	97.3%
Transient Occupancy Tax	9,246,046	10,117,460	109.4%	8,615,207	99.0%
Franchise Fees	1,245,500	1,252,771	100.6%	1,166,340	97.3%
<b>TOTAL</b>	<b>\$ 23,538,634</b>	<b>\$ 24,726,387</b>	<b>105.0%</b>	<b>\$ 22,557,356</b>	<b>99.7%</b>

# General Fund Revenues

- ▶ **Licenses and Service Charges** – Tracking as expected at 96% or 4% below budget projections

LICENSES AND SERVICE CHARGES	2017/18 BUDGET	2017/18 YTD ACTUAL	% OF BUDGET	2016/17 YTD ACTUAL	% OF PRIOR YEAR BUDGET
Legal Deposits Earned	\$ 3,000	\$ (1,825)	-60.8%	\$ 7,964	72.4%
Planning Fees	130,000	109,502	84.2%	141,542	104.3%
Planning Deposits Earned	242,000	223,785	92.5%	289,484	79.2%
Building Permits	750,000	696,673	92.9%	1,021,415	102.7%
PW Deposits Earned	65,000	61,729	95.0%	71,029	109.3%
PW/Engineering Fees	60,000	80,323	133.9%	74,436	113.0%
Solid Waste Roll Off Fees	32,640	39,715	121.7%	38,181	119.3%
Business License	263,000	255,665	97.2%	259,303	98.6%
Plan Check Fees	150,000	160,279	106.9%	367,497	87.0%
Other Licenses & Charges	2,475	5,101	206.1%	3,255	46.5%
<b>TOTAL</b>	<b>\$ 1,698,115</b>	<b>\$ 1,630,946</b>	<b>96.0%</b>	<b>\$ 2,274,107</b>	<b>96.3%</b>

# General Fund Revenues

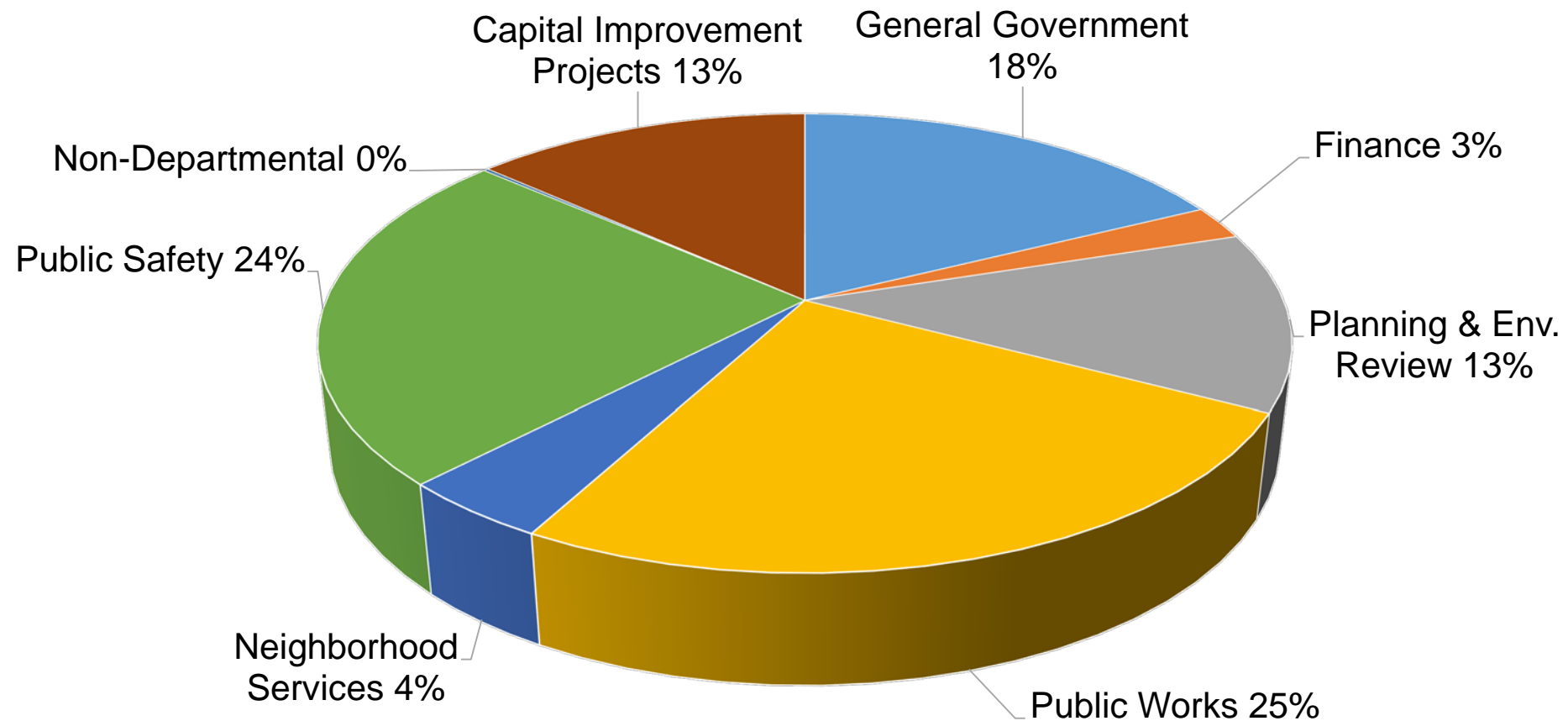
- ▶ **Other Revenue Categories** – Tracking higher than expected at 115.9% or 15.9% higher than budget projections

OTHER REVENUE CATEGORIES	2017/18 BUDGET	2017/18 YTD ACTUAL	% OF BUDGET	2016/17 YTD ACTUAL	% OF PRIOR YEAR BUDGET
Fines & Penalties	\$ 135,000	\$ 157,573	116.7%	\$ 129,051	98.1%
Interest & Rent Income	212,000	264,565	124.8%	172,532	104.6%
Reimbursements	342,200	430,963	125.9%	466,893	98.4%
Other Revenues	271,000	279,357	103.1%	328,209	103.7%
Transfers In Other Funds	34,135	19,919	58.4%	67,038	98.5%
<b>TOTAL</b>	<b>\$ 994,335</b>	<b>\$ 1,152,377</b>	<b>115.9%</b>	<b>\$ 1,163,724</b>	<b>100.7%</b>



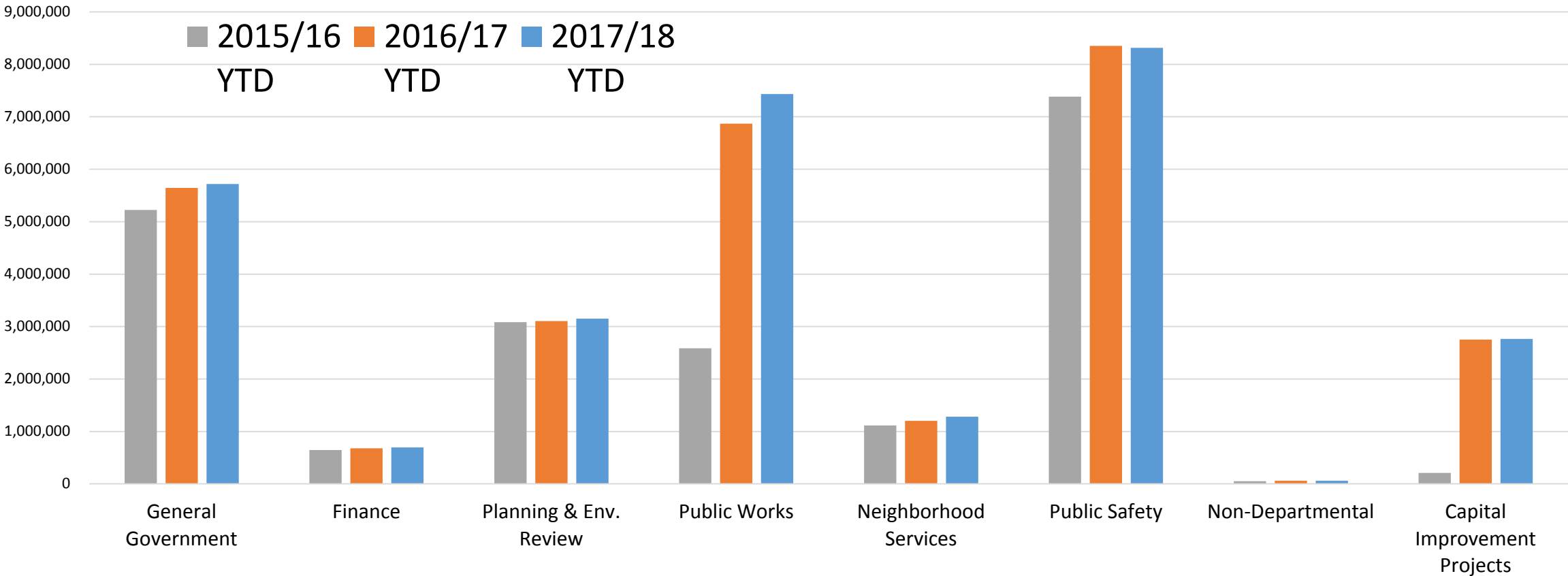
# General Fund Expenditures

▶ **Total General Fund Expenditures: \$35.1 M (Budget)**



# General Fund Expenditures

Prior Year Comparison - Q4 YTD Actuals



# General Fund Expenditures

- ▶ Overall Expenditures of \$29.42 M were below target at 83.8% of budget, though trending in comparison to 81.7% as of last fiscal year
- ▶ Original Budget as Adopted \$24.9 M
- ▶ Current Budget as Adopted \$35.1 M
- ▶ Department budget variances evaluated
- ▶ Encumbrances and carryovers being evaluated and finalized by October

# General Fund Expenditures

DEPARTMENT	2017/18 BUDGET	2017/18 YTD	% OF BUDGET	2016/17 YTD	% OF BUDGET
General Government	\$ 6,197,800	\$ 5,715,964	92.2%	\$ 5,643,465	91.1%
Finance	842,781	693,907	82.3%	677,884	80.4%
Planning & Env. Review	4,428,016	3,151,195	71.2%	3,104,979	70.1%
Public Works	8,852,216	7,435,565	84.0%	6,869,268	77.6%
Neighborhood Services	1,514,205	1,279,672	84.5%	1,201,795	79.4%
Public Safety	8,494,995	8,315,526	97.9%	8,352,475	98.3%
Non-Departmental	60,000	59,761	99.6%	59,761	99.6%
Capital Improvement Projects	4,693,325	2,765,598	58.9%	2,753,797	58.7%
TOTAL	\$ 35,083,339	\$ 29,417,188	83.8%	\$ 28,663,423	81.7%

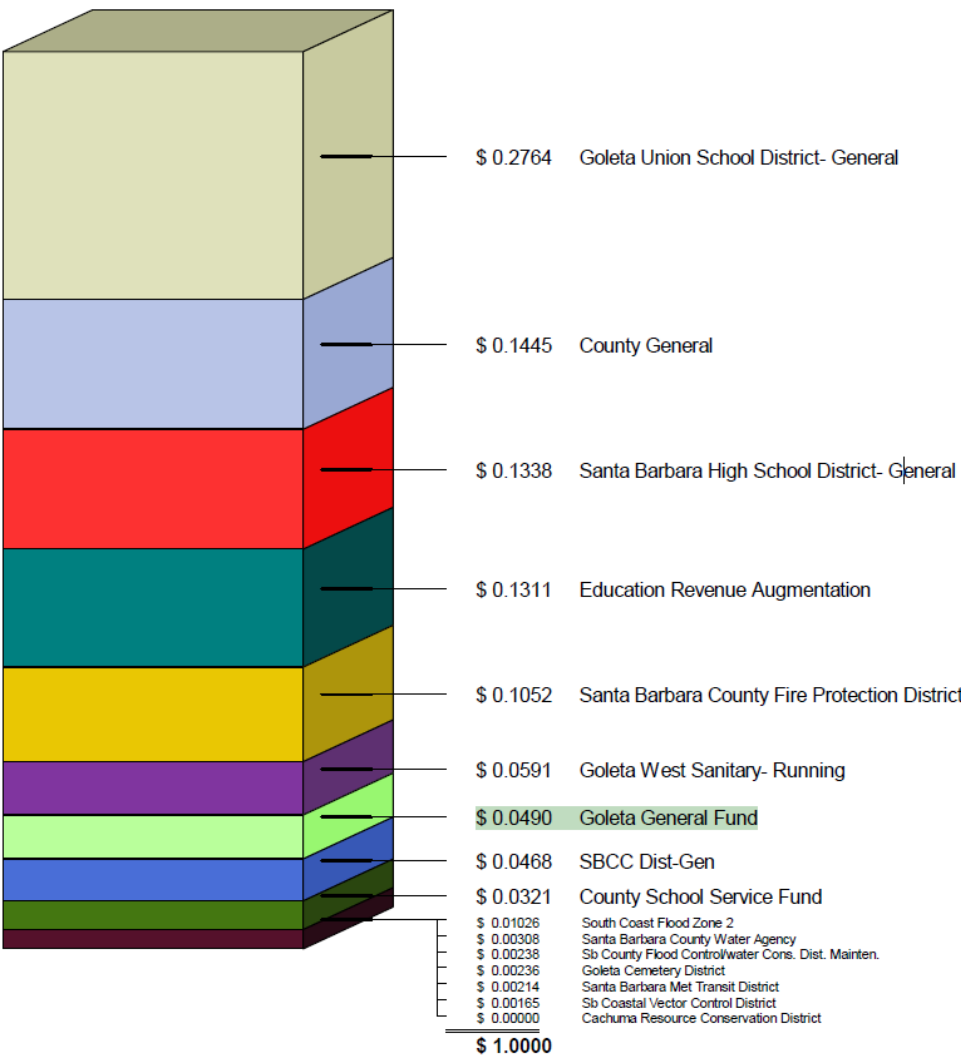
# General Fund Reserves

Classification	FY 2016/17 Ending Fund Balance	Increase or (Decreases)	FY 2017/18 Projected Ending Fund Balance	Recomm- endations	Adjusted FY 2017/18 Project Ending Fund Balance
Contingency	8,753,058	(669,140)	8,083,918		8,083,918
Public Facilities	4,110,000	(2,656,172)	1,453,828		1,453,828
Capital Equipment	472,722	-	472,722		472,722
Compensated Leave	172,144	-	172,144	34,851	206,995
Building Maintenance	-	-	-		-
Risk Management	200,000	(15,200)	184,800	15,200	200,000
OPEB UAL	333,500	-	333,500		333,500
CalPERS UAL	170,000	-	170,000		170,000
CIP Project Funding	1,608,095	(1,608,095)	-	1,927,727	1,927,727
Encumbrances	4,151,227	(4,151,227)	-	2,114,802	2,114,802
Street Maintenance	-	-	-		-
Litigation Defense Fund	300,000	-	300,000		300,000
Legal Salary	-	150,000	150,000	(150,000)	-
Prepays and Deposit	135,766	(135,766)	-	51,198	51,198
Unassigned Fund Balance	1,032,173	7,178,121	8,210,294	(4,014,778)	4,216,516
<b>Total</b>	<b>\$ 21,438,685</b>	<b>\$ (1,907,479)</b>	<b>\$ 19,531,206</b>	<b>\$ (21,000)</b>	<b>\$ 19,531,206</b>

# Revenue Neutrality Agreement

- ▶ **Revenue Neutrality Agreement**
  - ▶ Allocates funding to the County of Santa Barbara for Sales Tax at 30% of 1% revenues and Property Tax shared equally
  - ▶ **FY 2017/18 Estimated Payments = \$5.7 M**
    - ▶ Sales Tax = \$2.8 M
    - ▶ Property Tax = \$2.9 M
- ▶ **Estimated total contribution of \$109.3 M since City incorporation in 2002**

# Revenue Neutrality Agreement



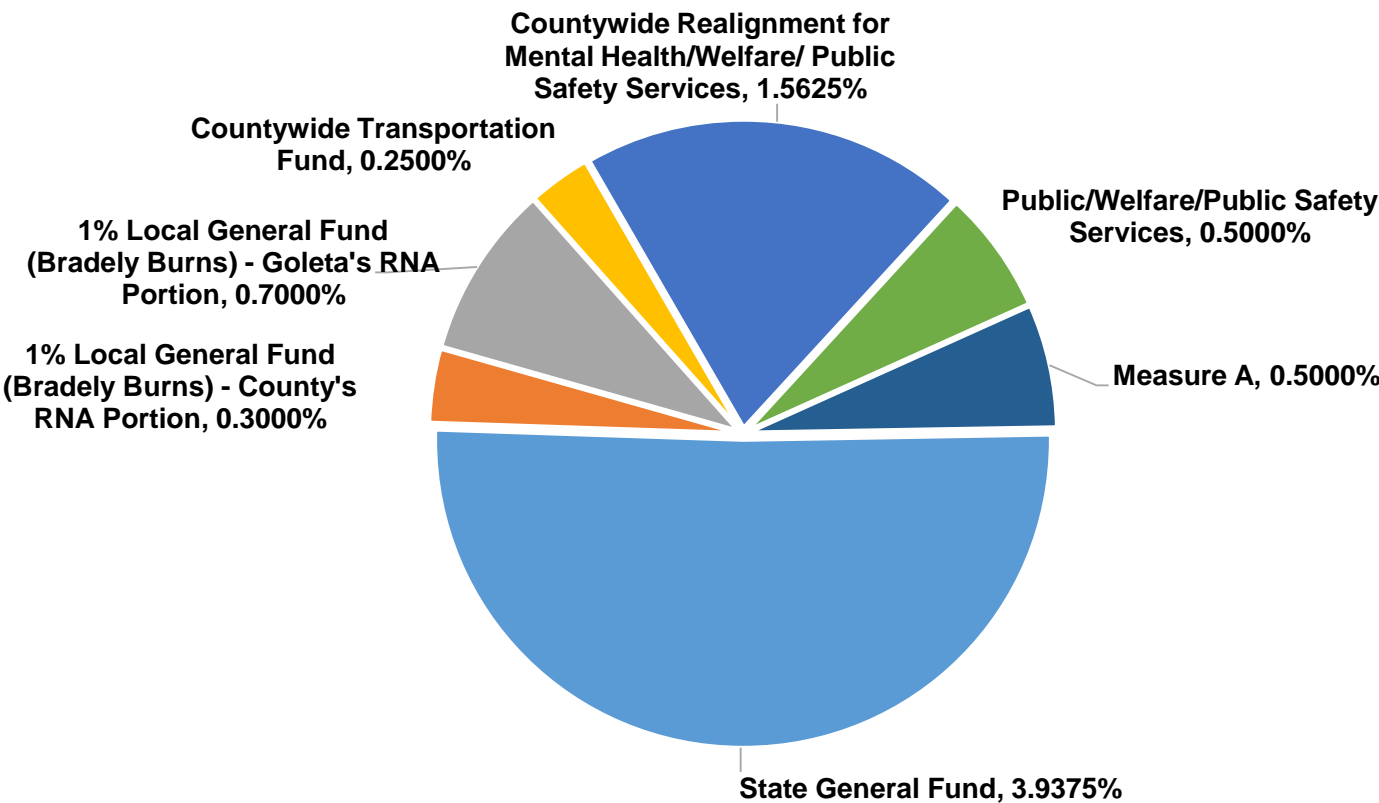
## Property Tax:

For every Property Tax (AB 8 Basic 1%) dollar generated in Goleta, the City receives \$0.049 or approximately 5 cents, with the same amount going to the County of Santa Barbara per the RNA



# Revenue Neutrality Agreement

## Goleta Sales Tax - 7.75%



For every dollar subject to sales tax in Goleta, the City receives approximately 70% of 1 cent or \$0.007 (seven tenths of a cent), with \$0.003 allocated to the County of Santa Barbara per the RNA



# Revenue Neutrality Agreement

- ▶ Historical RNA contributions to the County:

Fiscal Year	TOT	Sales Tax	Property Tax	Total	% Increase	Cumulative
FY 2001-02	\$ 593,845	\$ 1,238,182	\$ 646,130	\$ 2,478,157		\$ 2,478,157
FY 2002-03	1,427,873	3,485,996	1,676,202	6,590,071	166%	9,068,228
FY 2003-04	1,428,534	3,623,036	1,884,004	6,935,575	5%	16,003,803
FY 2004-05	1,521,955	3,864,388	2,073,526	7,459,868	8%	23,463,671
FY 2005-06	1,734,316	4,039,979	2,319,885	8,094,180	9%	31,557,851
FY 2006-07	1,714,352	4,116,749	2,408,162	8,239,262	2%	39,797,113
FY 2007-08	1,599,121	4,160,113	2,260,473	8,019,707	-3%	47,816,819
FY 2008-09	1,385,329	3,353,658	2,268,484	7,007,471	-13%	54,824,290
FY 2009-10	1,130,080	3,310,542	2,275,041	6,715,663	-4%	61,539,953
FY 2010-11	1,289,716	3,905,548	2,278,993	7,474,257	11%	69,014,211
FY 2011-12	1,450,817	3,845,273	2,444,348	7,740,437	4%	76,754,648
FY 2012-13	-	2,475,779	2,462,971	4,938,750	-36%	81,693,397
FY 2013-14	-	2,919,559	2,533,718	5,453,277	10%	87,146,674
FY 2014-15	-	2,712,759	2,554,787	5,267,546	-3%	92,414,220
FY 2015-16	-	2,664,189	2,781,468	5,445,657	3%	97,859,877
FY 2016-17	-	2,781,909	2,966,737	5,748,646	6%	103,608,522
FY 2017-18	-	\$ 2,810,049	\$ 2,914,214	\$ 5,724,263	0%	109,332,785
TOTAL \$ 109,332,785						

# Capital Improvement Program (CIP)

- ▶ **CIP Summary by project reviewed for adequate funds** (Attachment 4)
- ▶ **Recommended adjustments are the result of analysis and cleanup to properly account for funds related to CIP Projects**
- ▶ **CIP Projects recommended for adjustments include:**
  - ▶ Crosswalk @ S. Kellogg Ave (Project 9098)
    - ▶ Additional \$21,000 from General Fund Unassigned Balance to support actual expenditures related to the mid-block crosswalk for traffic engineering and design services incurred in FY 17/18
  - ▶ Magnolia Sidewalk Infill (Project 9082)
    - ▶ Adjustment to CDBG funding of \$12,943.08 to both revenues and expenditures, to match the budget authority from Housing and Urban Development (HUD)

# Other Funds

## ▶ **Comparison of Budget vs. Actual for All Funds (Attachment 3)**

- ▶ Deficit fund balances for “Others Funds” is due to pending reimbursements currently in process for grant related funds or timing of revenues

## ▶ **Gas Tax Fund\* (Fund 201)**

- ▶ Revenues received through Q4 of \$666,050 were below budget estimates at 91.1% budget.
- ▶ Variance in expenditures was the result of the FY 17/18 Pavement Rehabilitation Project delay. Approximately \$530,000 will be carried over into FY 18/19 for the project.

*\*Does not reflect SB 1 – Road Repair and Accountability Act of 2017. First distribution received in January 2018 and reported in a separate fund (Fund 203). At fiscal year end, \$146,851 was received for FY 17/18, which reflects 83.2% of the budgeted estimated amount. Important to note, not a full year of funding.*

# Other Funds

## ▶ **Measure A (Fund 205)**

- ▶ Revenues exceed projections at 108.6% through Q4 of the budget estimate of \$1.64 M
- ▶ Expenditures, which includes carryovers, total \$3.6 M for the fiscal year
  - ▶ Variances in expenditures represent 79.9% of budget, that has been expended or encumbered through Fourth Quarter, as a result of street maintenance and CIP projects that were not completed or started

## ▶ **Plover Endowment Fund (Fund 701)**

- ▶ Recommended budget adjustment increase of \$788 to both revenue and expenditures
- ▶ Represents cleanup adjustment to interest earnings and related annual expenditure to UC Natural Reserve System for their use at Coal Oil Point Reserve

# Finance and Audit Standing Committee

- ▶ Staff met with the Finance and Audit Standing Committee on September 11, 2018 and support the recommended budget adjustments as discussed and outlined in Attachment 5 – Exhibit A.

# Looking Ahead...

- ▶ **First Quarter Financial Review in November 2018**
  - ▶ FY 17/18 carryovers reviewed and finalized by October
- ▶ **FY 17/18 Audit and Comprehensive Annual Financial Report (CAFR)**
  - ▶ CAFR to be presented at the completion of the audit and financial statement preparation by the auditors later this calendar year. Presentation scheduled for December, 2018 by staff and auditors.

## Questions?