

# Fiscal Year 2018/19 First Quarter Financial Review (Unaudited)

(For the Quarter ended September 30, 2018)

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City of Goleta  
Council Meeting  
December 18, 2018



# General Fund Overview

- ▶ **Original Budget as adopted: \$25.9 million**
  - ▶ Adjusted in total by approximately \$4.4 million:
    - ▶ Carryover project budgets: \$1,927,751
    - ▶ Encumbrances: \$2,017,389
    - ▶ Additional appropriations: \$493,650 (as approved by Council to date)
      - ▶ Professional Services which include organizational assessment, video taping services, energy planning services, and contract engineering services
      - ▶ Support to Other Agencies
      - ▶ Capital Improvement Project appropriation related to the Library Story Well Room
- ▶ **Current Budget stands at \$30.3 million as of today**

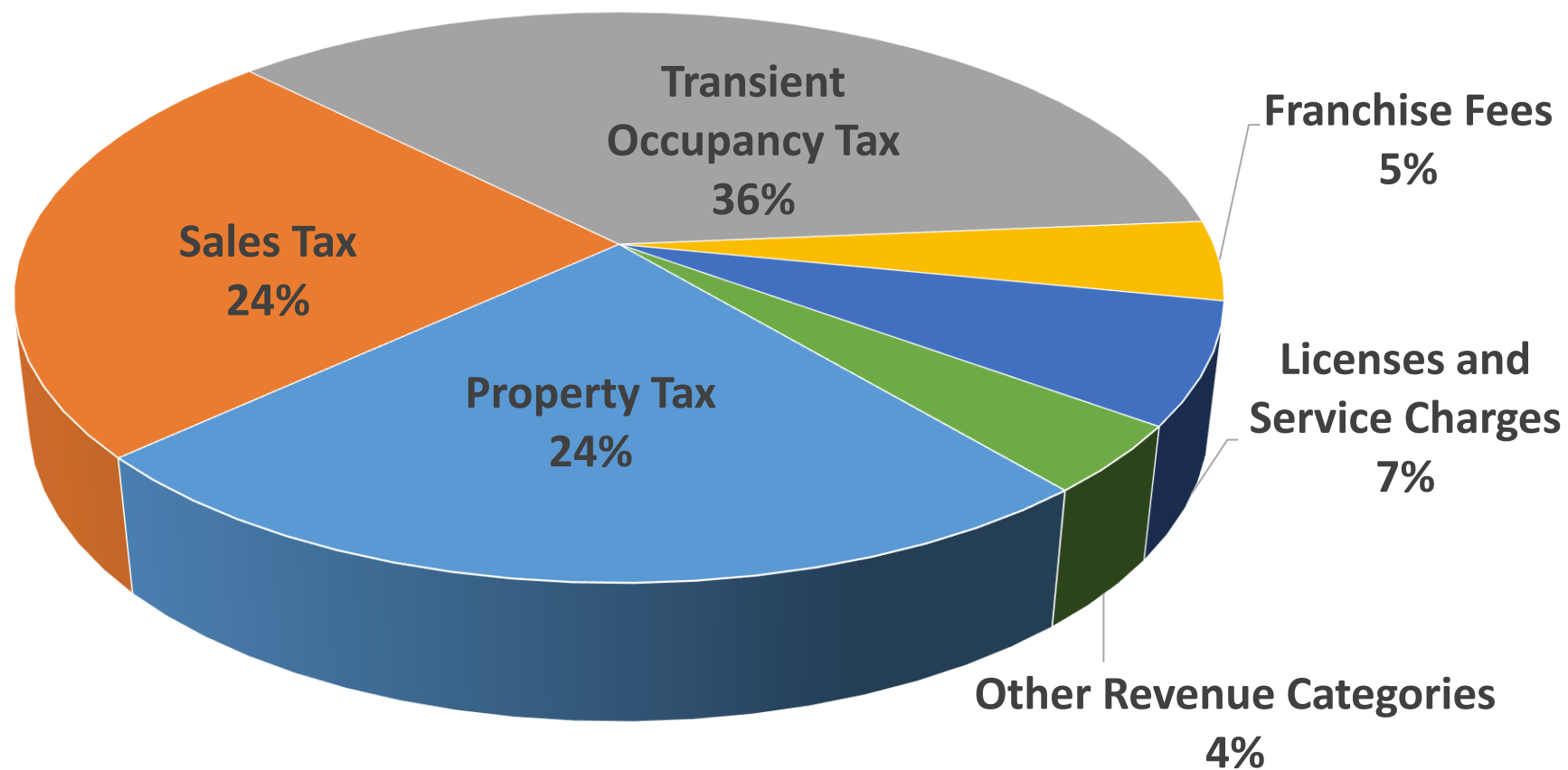
# General Fund Overview

	ORIGINAL BUDGET	REVISIONS	CURRENT BUDGET	RECOMMENDED REVISIONS	REVISED BUDGET
<b>Operating Revenues</b>	<b>\$ 27,135,278</b>	<b>\$ 62,456</b>	<b>\$ 27,197,734</b>	<b>\$ (18,800)</b>	<b>\$ 27,178,934</b>
Operating Expenditures	\$ 25,080,703	\$ 2,448,583	\$ 27,529,286	\$ 1,632,800	\$ 29,162,086
Capital Expenditures	\$ 819,661	\$ 1,990,208	\$ 2,809,869	\$ -	\$ 2,809,869
<b>Total Expenditures</b>	<b>\$ 25,900,364</b>	<b>\$ 4,438,790</b>	<b>\$ 30,339,154</b>	<b>\$ 1,632,800</b>	<b>\$ 31,971,954</b>
<b>Net Change</b>	<b>\$ 1,234,914</b>	<b>\$ (4,376,334)</b>	<b>\$ (3,141,420)</b>	<b>\$ (1,651,600)</b>	<b>\$ (4,793,020)</b>

- ▶ Staff is recommending the following adjustments:
  - ▶ Decrease in Operating Revenue by \$18,800 (~0.07% decrease)
  - ▶ Increase in Operating Expenditures by \$1,632,800 (~5.93% increase)
- ▶ Overall net change results (\$1,651,600) to Fund Balance

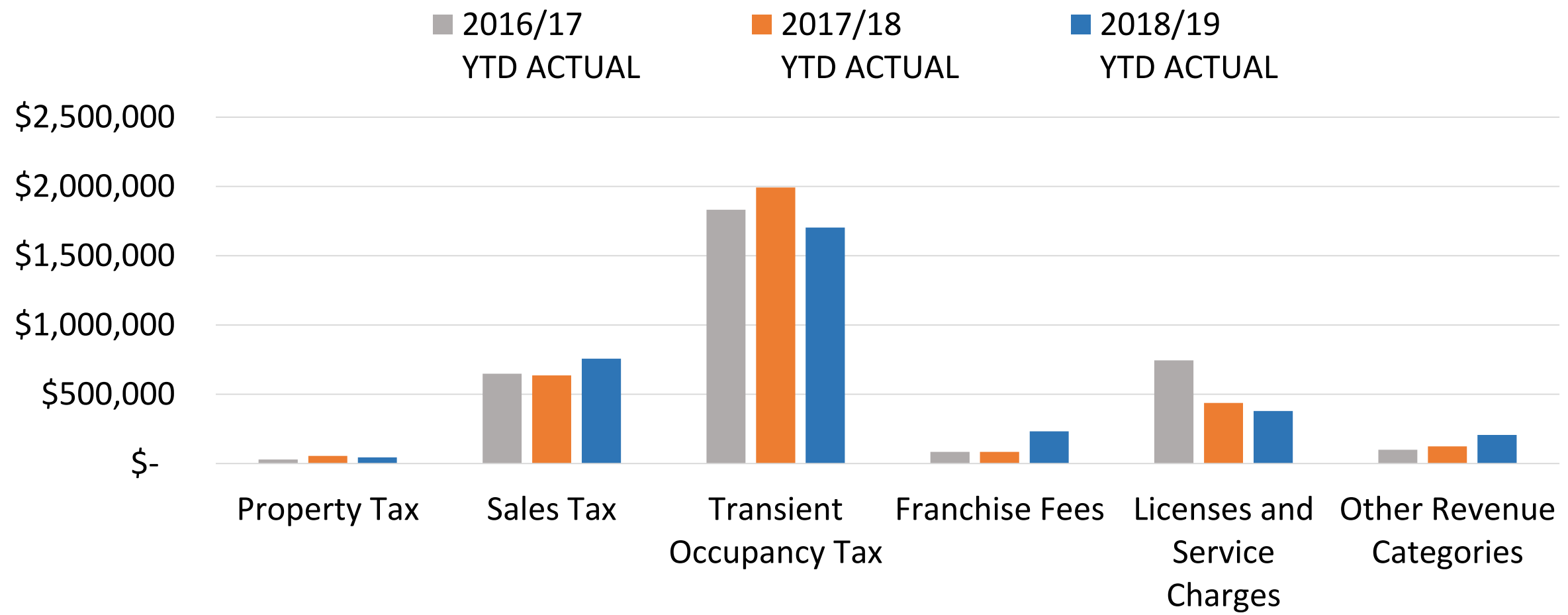
# General Fund Revenues

- ▶ **Total General Fund Revenues: \$27.2 M (Budget)**



# General Fund Revenues

## Prior Year Comparisons Q1 YTD Actuals



# General Fund Revenues

- ▶ **Overall tax revenues are tracking as expected at 11.3% of total budget when compared to last year at 11.8%**
- ▶ **Tax Revenue Budget Variances:**

TAXES	2018/19 BUDGET	2018/19 YTD ACTUAL	% OF BUDGET	2017/18 YTD ACTUAL	% OF PRIOR YEAR BUDGET
Property Tax	\$ 6,598,220	\$ 44,766	0.7%	\$ 54,712	0.8%
Sales Tax	6,644,300	757,553	11.4%	635,778	9.7%
Transient Occupancy Tax	9,812,000	1,703,745	17.4%	1,991,618	21.5%
Franchise Fees	1,228,500	232,013	18.9%	84,276	6.8%
<b>TOTAL</b>	<b>\$ 24,283,020</b>	<b>\$ 2,738,077</b>	<b>11.3%</b>	<b>\$ 2,766,385</b>	<b>11.8%</b>

# General Fund Revenues

- ▶ **Licenses and Service Charges** – Tracking slightly lower at about 20% compared to last year at almost 26%

LICENSES AND SERVICE CHARGES	2018/19 BUDGET	2018/19 YTD ACTUAL	% OF BUDGET	2017/18 YTD ACTUAL	% OF PRIOR YEAR BUDGET
Legal Deposits Earned	\$ 1,000	\$ -	0.0%	\$ 301	10.0%
Planning Fees	137,300	64,325	46.8%	37,214	28.6%
Planning Deposits Earned	242,000	25,994	10.7%	70,842	29.3%
Building Permits	750,000	125,158	16.7%	195,902	26.1%
PW Deposits Earned	69,700	9,740	14.0%	7,251	11.2%
PW/Engineering Fees	61,200	12,437	20.3%	17,475	29.1%
Solid Waste Roll Off Fees	33,293	7,124	21.4%	8,138	24.9%
Business License	263,000	66,540	25.3%	56,850	21.6%
Plan Check Fees	300,000	66,153	22.1%	41,386	27.6%
Other Licenses & Charges	6,225	1,919	30.8%	1,729	69.9%
<b>TOTAL</b>	<b>\$ 1,863,718</b>	<b>\$ 379,390</b>	<b>20.4%</b>	<b>\$ 437,088</b>	<b>25.7%</b>

# General Fund Revenues

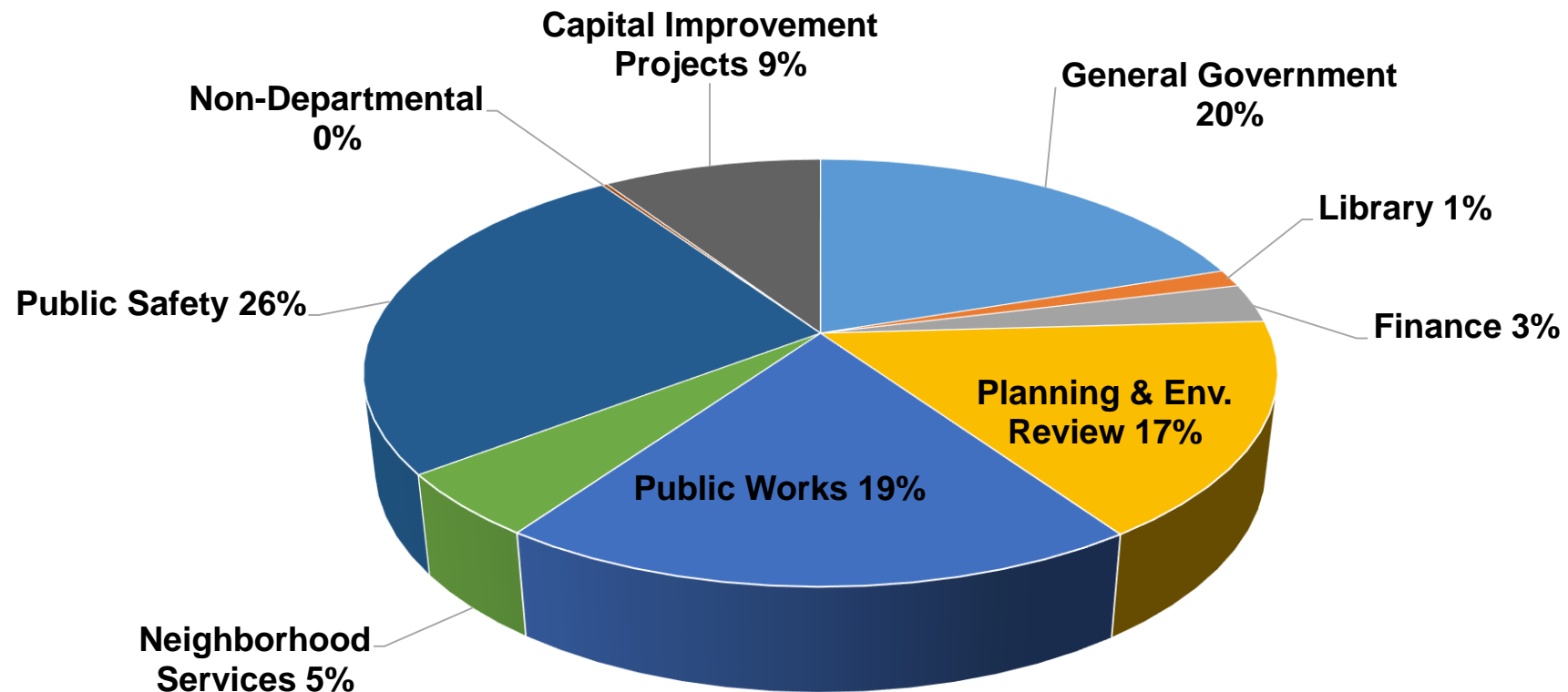
- ▶ **Other Revenue Categories** – Tracking higher than expected at 19.6% or 15.9% higher than last year at 12.4%

OTHER REVENUE CATEGORIES	2018/19 BUDGET	2018/19 YTD ACTUAL	% OF BUDGET	2017/18 YTD ACTUAL	% OF PRIOR YEAR BUDGET
Fines & Penalties	\$ 172,150	\$ 18,075	10.5%	\$ 19,535	14.5%
Interest & Rent Income	337,340	85,767	25.4%	51,704	24.4%
Reimbursements	377,320	32,578	8.6%	51,588	15.1%
Other Revenues	129,456	63,469	49.0%	748	0.3%
Transfers In Other Funds	34,730	5,961	17.2%	-	0.0%
<b>TOTAL</b>	<b>\$ 1,050,996</b>	<b>\$ 205,850</b>	<b>19.6%</b>	<b>\$ 123,576</b>	<b>12.4%</b>

- ▶ **Transfers In Other Funds** – Decrease of \$18,800 due to CDBG funds being reallocated to professional services in lieu of staff time reimbursement.

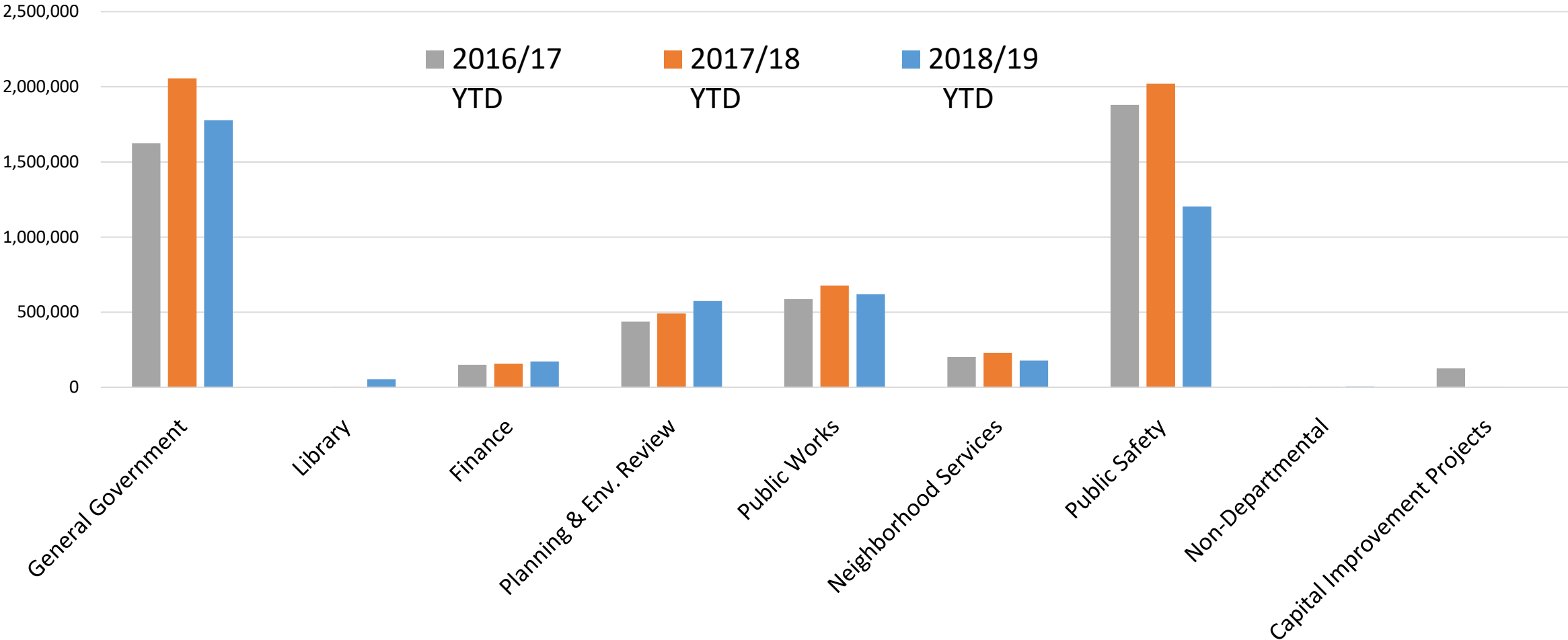
# General Fund Expenditures

- ▶ **Total General Fund Expenditures: \$30.3 M (Budget)**



# General Fund Expenditures

Prior Year Comparison - Q1 YTD Actuals



# General Fund Expenditures

- ▶ Overall Expenditures are tracking as expected at 15% of budget, in comparison to 16% as of last fiscal year
- ▶ Original Budget as Adopted \$25.9 M
- ▶ Revised for carryovers of \$3.9 M and additional appropriations of \$0.5 M for a total of \$30.3 M
- ▶ Department budget variances evaluated

# General Fund Expenditures

DEPARTMENT	2018/19 BUDGET	2018/19 YTD	% OF BUDGET	2017/18 YTD	% OF BUDGET
General Government	\$ 6,012,447	\$ 1,777,315	29.6%	\$ 2,056,900	35.1%
Library	399,004	53,229	13.3%	3,718	1.1%
Finance	892,911	172,391	19.3%	158,022	18.8%
Planning & Env. Review	4,967,696	573,638	11.5%	490,796	11.1%
Public Works	5,838,548	619,761	10.6%	677,122	7.6%
Neighborhood Services	1,481,030	177,703	12.0%	228,946	15.1%
Public Safety	7,872,650	1,203,649	15.3%	2,020,443	23.8%
Non-Departmental	65,000	5,187	8.0%	4,788	8.0%
Capital Improvement Projects	2,809,869	-	0.0%	22	0.0%
<b>TOTAL</b>	<b>\$ 30,339,154</b>	<b>\$ 4,582,872</b>	<b>15.1%</b>	<b>\$ 5,640,756</b>	<b>16.1%</b>

# General Fund

## Recommended Appropriations

- ▶ **City Council** – \$150,200 increase:
  - ▶ Salaries: Newly established City Council pay based on recent voter elections
- ▶ **City Manager's Office** – \$10,000 increase:
  - ▶ Professional Services: Special studies and performance evaluation services
- ▶ **City Clerk** – \$2,500 increase:
  - ▶ Travel: Training conferences and mileage
- ▶ **Support Services** – \$81,400:
  - ▶ Equipment/utilities/maintenance: Computer equipment, Public Works scanner, utilities for 27 S. La Patera, insurance program policy, ZoomGrants management software, Personnel Policy subscription to Liebert, Cassidy and Whitmore

# General Fund

## Recommended Appropriations

- ▶ **Facilities Maintenance**— \$54,400 increase:
  - ▶ Maintenance: Patch work for parking lot at Goleta Valley Community Center
- ▶ **Street Maintenance** – \$20,600 increase:
  - ▶ Equipment: Replacement John Deer mowing deck
- ▶ **Neighborhood Services & Public Safety** – \$57,7500 increase:
  - ▶ Salaries/ Services: Temporary employee and temp agency for additional support staff
- ▶ **Non-Departmental**— \$1,256,000 increase:
  - ▶ Other Charges: First year's payment per the settlement agreement with the Department of Finance (DOF) related to the bond proceeds transfer with the former Goleta Redevelopment Agency (RDA).

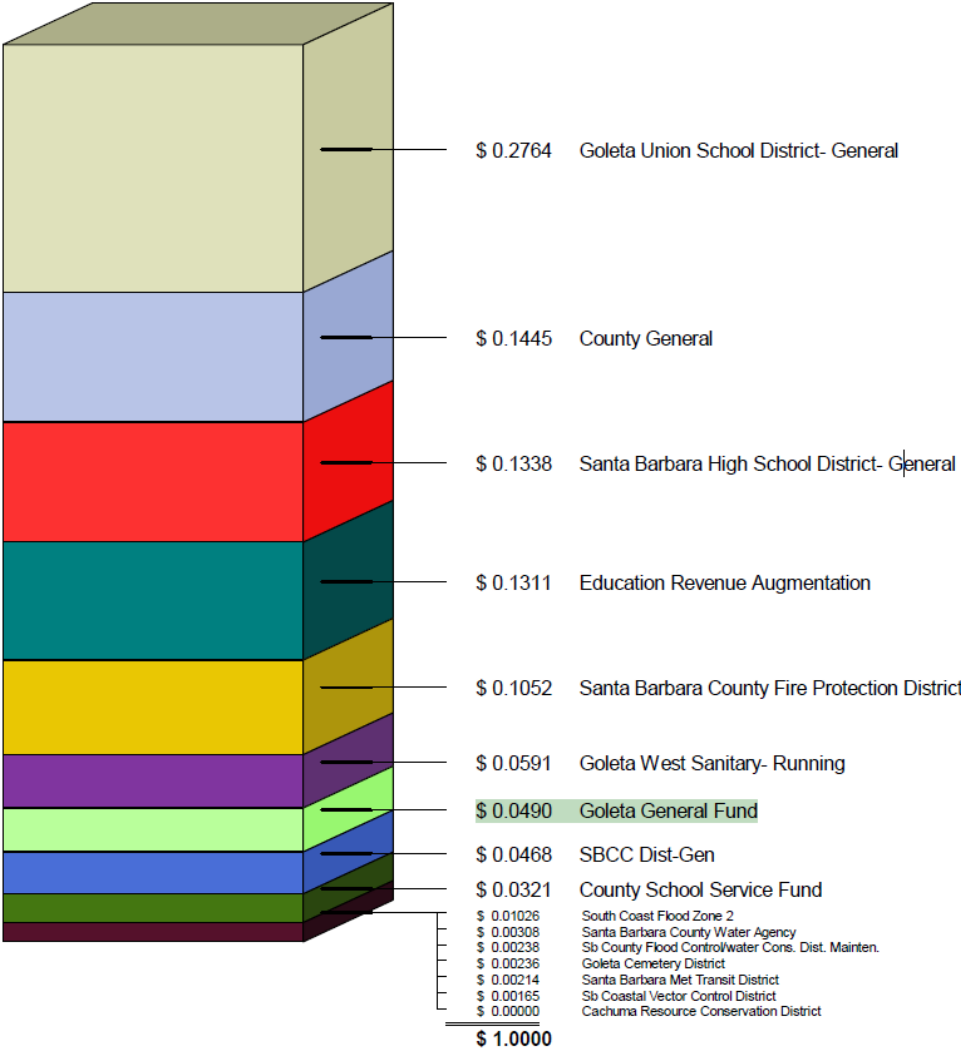
# General Fund Reserves

Classification	FY 2017/18 Ending Fund Balance	Increase or (Decreases)	FY 2018/19 Projected Ending Fund Balance	Recomm- endations	Adjusted FY 2018/19 Project Ending Fund Balance
Contingency	8,083,918	-	8,083,918		8,083,918
Public Facilities	1,453,828	-	1,453,828		1,453,828
Capital Equipment	472,722	-	472,722	(20,600)	452,122
Compensated Leave	206,995	-	206,995		206,995
Building Maintenance	-	-	-		-
Risk Management	200,000	-	200,000	(5,000)	195,000
OPEB UAL	333,500	-	333,500		333,500
CalPERS UAL	170,000	-	170,000		170,000
CIP Project Funding	1,927,727	(1,927,727)	-		-
Encumbrances	2,114,802	(2,114,802)	-		-
Street Maintenance	-	-	-		-
Litigation Defense Fund	300,000	-	300,000		300,000
Legal Salary	-	-	-		-
Prepays and Deposit	51,198	(51,198)	-		-
Unassigned Fund Balance	4,187,785	952,307	5,140,092	(1,626,000)	3,514,092
Total	\$ 19,502,475	\$ (3,141,420)	\$ 16,361,055	\$ (1,651,600)	\$ 14,709,455

# 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 2018/19 Estimated Payments = \$5.8 M**
    - ▶ Sales Tax = \$2.8 M
    - ▶ Property Tax = \$3.0 M
- ▶ **Estimated total contribution of \$115.4 M since City incorporation in 2002**

# Revenue Neutrality Agreement

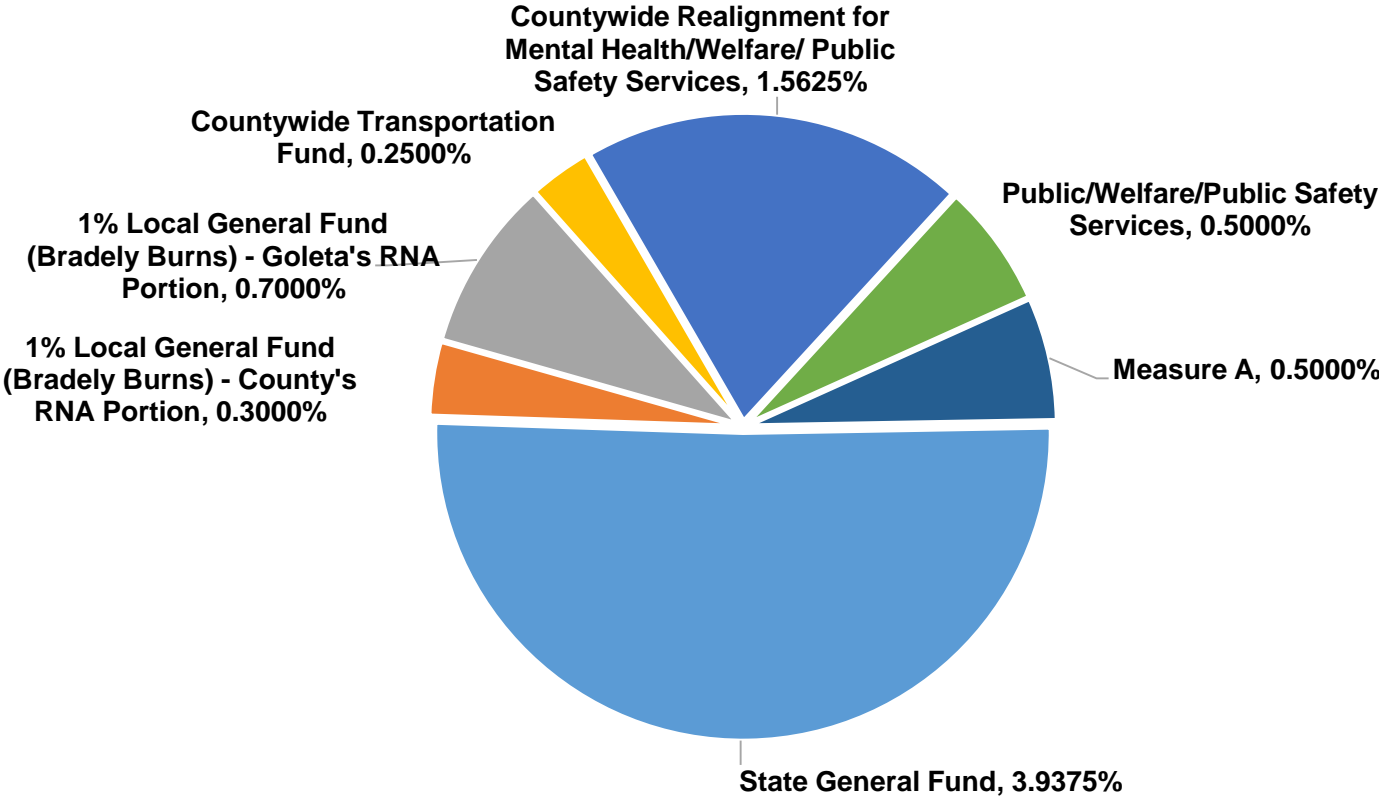


## Property Tax:

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	-	2,753,467	3,234,292	5,987,759	4%	109,596,282
FY 2018-19	-	2,847,557	2,969,820	5,817,377	-3%	115,413,659
TOTAL \$115,413,659						

# Capital Improvement Program (CIP)

- ▶ **CIP Summary by project reviewed for adequate funds** (Attachment 4)
- ▶ **There are no recommended adjustments**

# 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
- ▶ Recommended budget adjustments are provided for various funds

## ▶ **Gas Tax Fund (Fund 201)**

- ▶ Revenues received through Q1 of \$103,916 are tracking as expected at 13.1% budget (reflects revenues through end of August).
- ▶ Recommending a decrease of \$113,608 revenues, as well as a decrease of expenditures of \$97,643 to keep the fund balanced. Revenues are based on Department of Finance May 2018 estimates.

## ▶ **Road Maintenance Repair Act (Fund 203)**

- ▶ Revenues received through Q1 of \$51,489 or 9.8%. Staff anticipates approximately \$530,000 for FY 18/19. All expenditures are programmed to Pavement Rehabilitation Program.

# Other Funds

## ▶ **Measure A (Fund 205)**

- ▶ Revenues on target at 15.6% through Q1 of the budget estimate of \$1.6 M
- ▶ No adjustments are recommended at this time.

## ▶ **Citizens Option for Public Safety (COPS) (Fund 302)**

- ▶ Recommending an increase in revenue as well as an appropriation of approximately \$49,000 to reflect unanticipated growth from the state.

## ▶ **Library Special Tax (Fund 501)**

- ▶ Recommending an Revenue budget adjustment of \$149,192 to reflect the returned FY 17/18 payment to City of Santa Barbara.
- ▶ Appropriations of \$8,300 requested for an upgraded telephone system.

# Finance and Audit Standing Committee

- ▶ Staff met with the Finance and Audit Standing Committee on December 6, 2018 and support the recommended budget adjustments as discussed and outlined in Attachment 5 – Exhibit A.

# Looking Ahead...

- ▶ **Mid-Year Financial Review in February 2019**
- ▶ **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 February 2019 by staff and auditors.
- ▶ **FY 19/20 & FY 20/21 Two-Year Budget Cycle**

## Questions?