



City of Camarillo

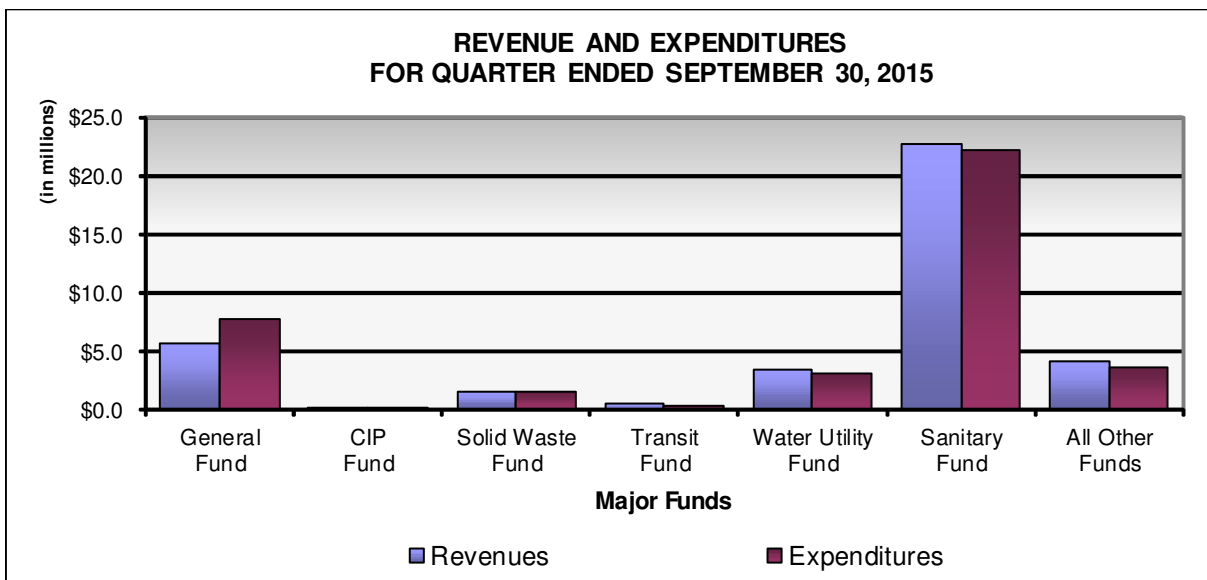
Revenue and Expenditure Reports

Fiscal Year 2015/16 First Quarter Financial Report

July 1 through September 30, 2015

OVERVIEW

The City of Camarillo First Quarter Financial Report summarizes the City’s financial information, from July 1 through September 30, 2015. The following chart summarizes actual year to date revenues and expenditures, including transfers in/out, and is based on the adopted Fiscal Year 2015/16 budget, adjusted for continuing appropriations (carryovers), and any budget amendments approved by City Council as of September 30, 2015. The General, Capital Improvement Projects (CIP), Solid Waste, Transit, Water Utility, and Sanitary District Funds are considered “**major funds**” and are our primary focus, since their budgets represent the majority of the City’s total budget.

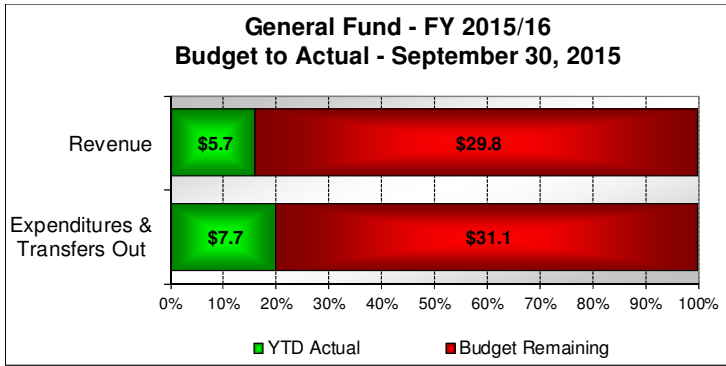


EXECUTIVE SUMMARY

With the first quarter of the fiscal year complete, we appear to be moving along consistent with past trends, and as compared to the first quarter of last year. There was a \$20 million bond issue in the Camarillo Sanitary District-Debt Service Fund which is explained later in this report. Revenue and expenditure activity, estimated fund balance, and any major variance from the anticipated budget are detailed below for the major funds.

GENERAL FUND (101)

The General Fund is where the majority of discretionary funds are recorded, and the majority of general municipal services are provided. Through transfers, it is also a major contributor to funds whose revenue



sources either do not grow, or grow more slowly than the expenditures, or thus do not have sufficient resources to cover the associated expenditures. Included are the Gas Tax Fund, Citywide Lighting & Landscape Fund, Storm Water Management Fund, Transit Fund, and Debt Service Funds. In addition, the General Fund is a major contributor to the CIP Fund. Staff is working on a long-range plan for fiscal sustainability, including a long-term strategy to

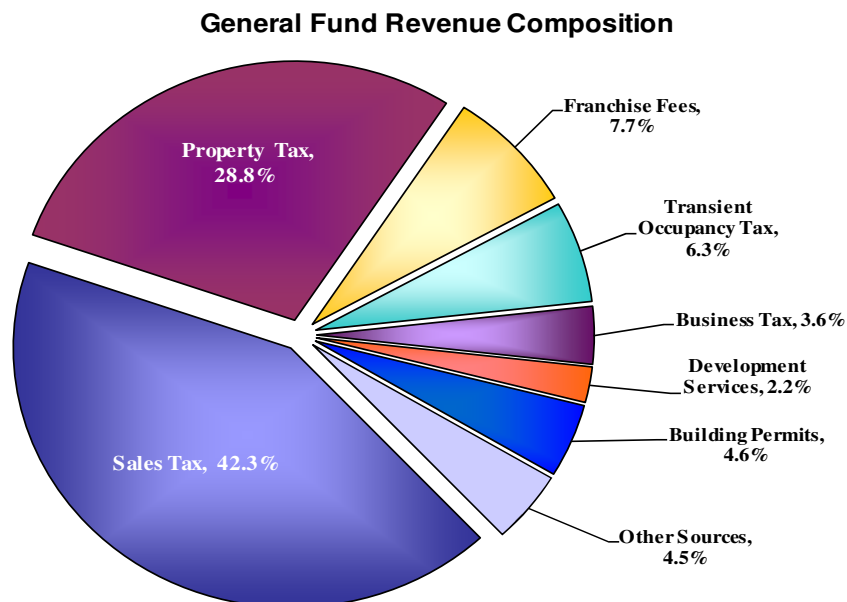
address the on-going fiscal impacts of operating transfers from the General Fund.

In total, the General Fund has recorded approximately 15.9% of projected revenues, and approximately 19.8% of budgeted expenditures and transfers. Transfers to other funds are typically recorded on an as-needed basis. Unassigned fund balance at September 30, 2015 is projected at \$5.2 million, which is in accordance with City Council reserve policy goal. During the 2015/16 Mid-Cycle Budget process, Council committed \$41.5 million of the General Fund balance for economic development, planned capital projects, and future operating transfers to other funds.

General Fund Summary (September 30, 2015)

	Adopted Budget	Amended Budget	YTD Actual	Percent Realized
Revenues	\$ 35,481,785	\$ 35,481,785	\$ 5,656,278	15.9%
Expenditures & Transfers Out	36,368,378	38,751,591	7,666,115	19.8%
Revenues Over/(Under) Expenditures	\$ (886,593)	\$ (3,269,806)	(2,009,837)	
Unrestricted Available Fund Balance, July 1 (unaudited)			7,213,171	
Unrestricted Available Fund Balance, End of Period			<u>\$ 5,203,334</u>	

General Fund Revenues. The top seven revenue sources account for approximately 96% of the total projected General Fund revenues. By focusing on these, we can obtain an excellent understanding of the General Fund revenue position.



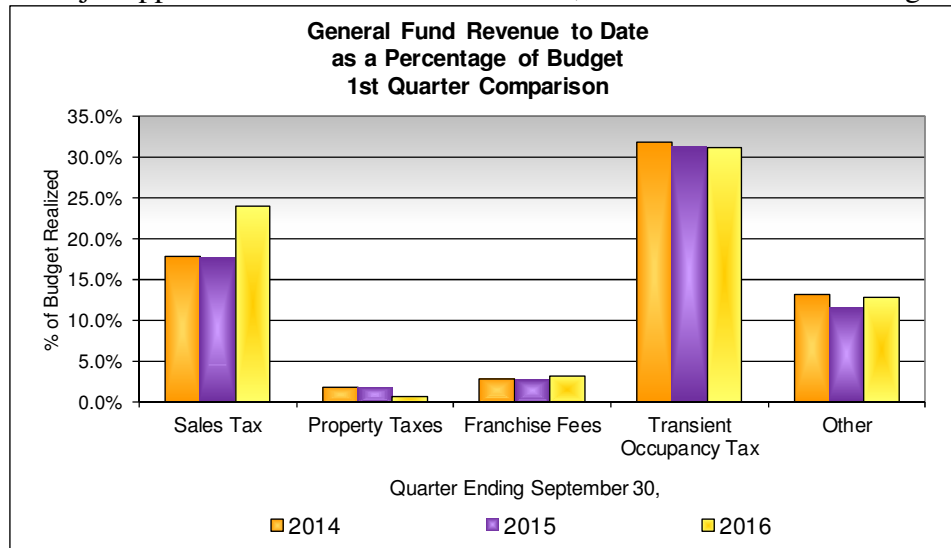
Overall, these key revenues are performing as projected for the first quarter, based on payment schedules and past trends, with major variances noted below. Total revenues through September are at approximately 15.9% of total budget, compared to prior year, revenues to date were 13.6% of budget.

Revenue Sources	Adopted Budget	Amended Budget	YTD Actual	Percent Realized
Sales Tax	\$ 15,006,200	\$ 15,006,200	\$ 3,595,898	24.0%
Property Tax	10,236,394	10,236,394	33,000	0.3%
Franchise Fees	2,732,584	2,732,584	85,201	3.1%
Transient Occupancy Tax	2,239,620	2,239,620	695,782	31.1%
Business Tax	1,271,620	1,271,620	338,827	26.7%
Development Services	783,910	783,910	407,510	52.0%
Building Permits	1,624,385	1,624,385	231,094	14.2%
Total	33,894,713	33,894,713	5,387,312	15.9%
Other Revenue Sources	1,587,072	1,587,072	268,966	17.0%
Total Fund Revenue	\$ 35,481,785	\$ 35,481,785	\$ 5,656,278	15.9%

➤ **Sales Tax** – The City has received 24.0% of the budgeted Sales Tax, compared to 17.8% this time last year. Included in this revenue projection of \$15,006,200, is \$2,762,600 In-Lieu Sales Tax, which is scheduled to be received in three installments in January, May 2016, and a final true-up in June. The State is unwinding the ‘Triple Flip’ Sales Tax Swap, which expires this fiscal year. This will not decrease overall tax revenue to the City.

➤ **Property Tax** - The first of two major apportionments occur in December, with the second following in April. Also included in this revenue projection of \$10,236,394, is \$5,436,400 Property Tax In-Lieu of VLF, which is scheduled to be received in two equal installments in January and May 2016.

➤ **Franchise Fees** - The majority of the Franchise Fees are received in April, 2016.



➤ **Transient Occupancy Tax (TOT)** – The City has received 31.1% of the budgeted TOT, consistent with first quarter last year. July and August typically have the highest occupancy rates of the fiscal year, with year-to-date average of 86.5%, compared to 85.7% July and August last year.

➤ **Business Tax** – As of the first quarter, 26.7% of the budgeted revenue has been realized, 3.0% higher than this time last fiscal year, and is primarily due to timing of renewals throughout the year.

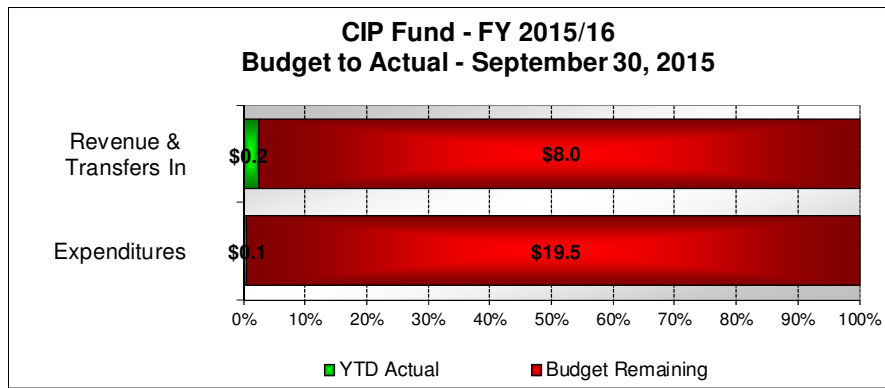
- **Development Services** - This revenue is higher than anticipated with 52.0% of budget realized, and significantly higher than the 27.3% received through first quarter 2014/15. This revenue fluctuates due to the timing of planned development projects. Included in the first quarter revenue, are receipts from certain projects that were not anticipated at the time of budget development.
- **Building Permits** - With 14.2% of the annual budget realized in the first quarter, this revenue is lower than anticipated. This same time period last year, 29.7% had been realized. This revenue also fluctuates due to the timing of planned development projects.
- **Investment Income** – Investment earnings are higher than anticipated, with 63.2% realized. Of the \$82.3 thousand received, \$73.1 thousand is attributable to SB90 Cost Reimbursement payments received with interest, for fiscal years 2001/02 through 2013/14.

General Fund Expenditures and Transfers. As illustrated in the table below, the majority of General Fund divisional expenditures and transfers are slightly lower than expected overall, averaging 19.8% of the annual budget. As of first quarter last year, 23.0% of budgeted expenditures and transfers had been disbursed.

Divisions	Adopted Budget	Amended Budget	YTD Actual	Percent Expended
City Council	\$ 674,171	\$ 676,571	\$ 160,639	23.7%
City Clerk	580,898	580,898	118,952	20.5%
City Attorney	500,205	500,205	83,165	16.6%
City Manager	1,084,396	1,117,431	242,425	21.7%
Finance	1,384,692	1,430,212	289,025	20.2%
Community Development	2,272,979	2,276,689	347,502	15.3%
Code Compliance	769,237	769,237	144,730	18.8%
Police	16,226,991	16,226,991	3,782,292	23.3%
DART	23,386	23,386	1,590	6.8%
Building & Safety	1,176,630	1,176,630	154,093	13.1%
Public Works	1,654,949	3,812,304	294,205	7.7%
Cultural Arts Services	610,347	733,270	106,114	14.5%
Economic Development	330,797	330,797	84,333	25.5%
Non Departmental	42,000	42,000	50	0.1%
Total	27,331,678	29,696,621	5,809,115	19.6%
Transfers Out	9,036,700	9,054,970	1,857,000	20.5%
Total Fund Expenditures	\$ 36,368,378	\$ 38,751,591	\$ 7,666,115	19.8%

City Attorney division expenditures are lower than anticipated, at 16.6% due to timing of monthly invoices, with only July services reflected at this time. Public Works division expenditure budget includes \$1.7 million appropriation for a one-time capital project. Excluding that extraordinary expenditure, the division is slightly lower than expected, at 13.9% expended. D.A.R.T. division has expended 6.8%, primarily due to budgeted safety equipment purchases that have not been made.

CAPITAL IMPROVEMENT PROJECTS FUND (410)



The Capital Improvement Projects (CIP) Fund accounts for the general capital projects. Revenues and expenditures are budgeted in the year corresponding with the various stages of the projects, and include balances carried forward from the previous budget year. On June 24, 2015, the City Council approved year one of the City’s Five-Year Capital Improvement

Program 2015-2020, with a total expenditure budget of \$13.0 million. Included in that total is approximately \$8.2 million of additional funding, and \$4.8 million from the fund balance of the CIP Fund, for new or existing capital projects. The amended budget includes carry-over funding for uncompleted projects from prior years, and any budget changes approved by the City Council.

Capital Improvement Projects Fund Summary (September 30, 2015)

	Adopted Budget	Amended Budget	YTD Actual	Percent Realized
Revenues & Transfers In	\$ 8,216,650	\$ 8,216,650	\$ 189,965	2.3%
Expenditures	13,005,000	19,600,026	101,677	0.5%
Revenues Over/(Under) Expenditures	\$ (4,788,350)	\$(11,383,376)	88,288	
Available Fund Balance, July 1 (unaudited)			15,214,779	
Available Fund Balance, End of Period			<u>\$ 15,303,067</u>	

Funding for the CIP projects comes from a variety of sources including Federal, State, County, capital fees collected from developers, and interfund transfers.

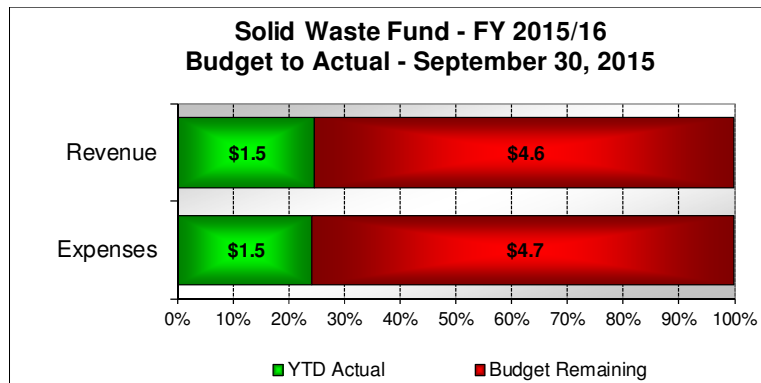
At this point in the fiscal year, the CIP Fund has recognized 2.3% of the projected revenues. Federal Capital Grants for transportation projects are the primary source, and funds are typically drawn down on a reimbursement basis, after the expenditures are incurred.

Revenue Sources	Adopted Budget	Amended Budget	YTD Actual	Percent Realized
Grants	\$ 1,801,000	\$ 1,801,000	\$ 125,654	7.0%
Development Services	680,000	680,000	43,406	6.4%
Investment Income	35,650	35,650	14,497	40.7%
Total	2,516,650	2,516,650	183,557	7.3%
Transfers In	5,700,000	5,700,000	6,408	0.1%
Total Fund Revenue	\$ 8,216,650	\$ 8,216,650	\$ 189,965	2.3%

The budgeted expenditures for this fund total \$19.6 million, with no budgeted transfers out. Through the first quarter, 0.5% of budgeted expenditures have been disbursed due to timing of projects. The following represents the projects that account for the expenditures to date:

Project Expenditures		Adopted Budget	Amended Budget	YTD Actual	Percent Expended
Annual Pavement Rehab	ST1403/04	\$ 5,000,000	\$ 9,278,065	\$ 5,210	0.1%
Santa Rosa Road Widening	ST0501	2,900,000	2,974,832	84,810	5.5%
Conference Center Drain	CC1101	1,800,000	1,988,018	-	0.0%
Dizdar Park Renovation	ST0706	800,000	800,000	-	0.0%
Library Room Addition	ST1105	700,000	733,956	9,086	1.2%
Other Projects		1,805,000	3,825,155	2,571	0.1%
Total Major Projects		\$ 13,005,000	\$ 19,600,026	\$ 101,677	0.5%

SOLID WASTE FUND (805)



The City provides refuse and recycling programs for residential and commercial customers, and a green waste program for residential customers. The City contracts with a local hauler through an exclusive franchise agreement.

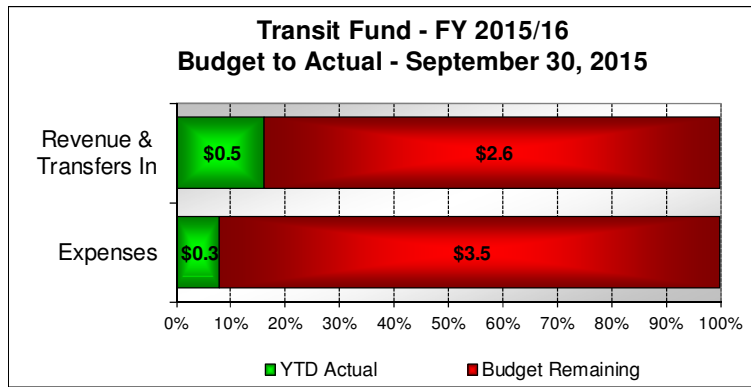
The Solid Waste Fund has recognized 24.2% of projected revenues, and 24.5% of budgeted expenses, compared with 23.9% and 24.8% respectively this time last year.

Both revenues and expenses are meeting projections through the first quarter. Grant revenues are typically received at the end of the fiscal year.

Solid Waste Fund Summary (September 30, 2015)

	Adopted Budget	Amended Budget	YTD Actual	Percent Realized
<u>Revenues</u>				
Solid Waste Services	\$ 5,944,535	\$ 5,944,535	\$ 1,447,942	24.4%
Grants	36,004	53,404	-	0.0%
Other Revenue Sources	79,373	61,973	18,339	29.6%
Total Solid Waste Fund Revenue	6,059,912	6,059,912	1,466,281	24.2%
<u>Expenses</u>				
Operating Expenses	6,238,661	6,238,661	1,529,564	24.5%
Total Solid Waste Fund Expenses	6,238,661	6,238,661	1,529,564	24.5%
Revenues Over/(Under) Expenses	\$ (178,749)	\$ (178,749)	(63,283)	
Available Working Capital, July 1 (unaudited)			628,421	
Available Working Capital, End of Period			<u>\$ 565,138</u>	

TRANSIT FUND (810)



The Transit Fund is where costs associated with operating the City’s transit system are recorded. The Transit Fund has recognized 15.7% of projected revenues and transfers in, compared with 31.4% last year. Funding for the Transit Fund comes from a variety of sources including Federal Grants, ridership fares, and transfers from the General Fund and the Air Quality Fund. Federal Transit Administration (FTA) Grants provide for a majority of the revenues received in this fund,

which are received at fiscal year-end, after all the expenses are incurred. Other Revenue Sources includes ADA Paratransit Ridership funds. The Transit Fund relies on interfund transfers from the General Fund to meet its operational needs. Last fiscal year, a Trolley service began operation, serving Camarillo residents, major retail centers, the Metrolink Station, CSUCI students and tourism throughout the central commercial area of the City. Ridership was monitored during a demonstration period, with a full year of operation budgeted in FY 2015/16.

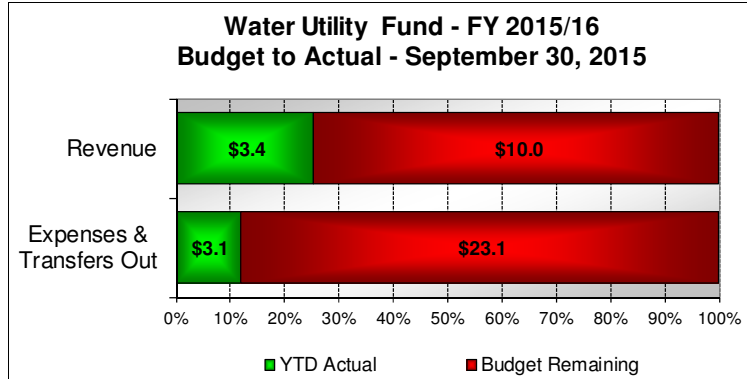
The Transit Fund has expended 8.1% of budgeted expenses, compared with 11.1% this time last year. Operating expenses appear lower than expected, due to a one-month lag in transit service contract disbursements. At this juncture, the expenses are tracking as anticipated.

Transit Fund Summary (September 30, 2015)

	Adopted Budget	Amended Budget	YTD Actual	Percent Realized
<u>Revenues</u>				
Transit Services	\$ 115,520	\$ 115,520	\$ 30,449	26.4%
Grants	1,602,200	1,938,205	40,000	2.1%
Other Revenue Sources	100,000	100,000	10,000	10.0%
Total	1,817,720	2,153,725	80,449	3.7%
Transfers In	900,000	900,000	400,000	44.4%
Total Transit Fund Revenue	2,717,720	3,053,725	480,449	15.7%
<u>Expenses</u>				
Operating Expenses	2,099,543	2,099,543	261,504	12.5%
Capital Purchases	360,000	1,196,428	-	0.0%
Capital Projects	290,000	299,910	-	0.0%
Depreciation	149,100	149,100	40,091	26.9%
Metrolink Station Maint.	95,486	95,486	10,245	10.7%
Operating Expenses				
Total Transit Fund Expenses	2,994,129	3,840,467	311,840	8.1%
Revenues Over/(Under) Expenses	\$ (276,409)	\$ (786,742)	168,609	
Available Working Capital Balance, July 1 (unaudited)			374,526	
Adjustments to Working Capital			40,091	
Available Working Capital, End of Period			\$ 583,226	

WATER UTILITY FUND (860)

The Water Utility Fund is where revenue and expenses associated with the City's water service are recorded. This fund is fully self-supporting, and derives the majority of its revenue from ratepayers. Other revenue sources include investment earnings, and capital fees collected from developers. The City provides water and associated maintenance to approximately 13,250 customers. Depending on location, four other water companies may provide water to Camarillo residents.



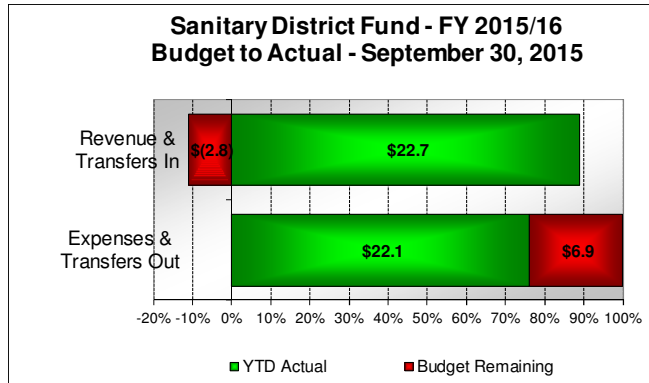
The Water Utility Fund has recognized 25.0% of projected revenues, and 12.0% of budgeted expenses and transfers out, compared to last fiscal year 21.9% and 12.4% respectively. Revenues are on track with projections through the first quarter. Water Sales revenue is slightly lower than projected through the first quarter at 23.8%. Water conservation was incorporated in the 2015-2017 Mid-Cycle Budget process. Consumption for the first three months of FY 2015/16 is down 20.6%

when compared with the same three months last fiscal year, the largest reduction (25.36%) in July 2015. Expenses are under budget, primarily due to one-time planned capital improvement projects that have not begun.

Water Utility Fund Summary (September 30, 2015)

	Adopted Budget	Amended Budget	YTD Actual	Percent Realized
<u>Revenues</u>				
Water Sales	\$ 8,694,985	\$ 8,694,985	\$ 2,068,664	23.8%
Base Rate Charges	3,862,900	3,862,900	759,417	19.7%
Other Water Services Revenue Sources	359,505	359,505	125,172	34.8%
Capital Improvement Fees	300,000	300,000	278,341	92.8%
Investment Income	48,700	48,700	31,142	64.0%
Other Revenue Sources	173,917	173,917	102,714	59.1%
Total Water Utility Fund Revenue	13,440,007	13,440,007	3,365,450	25.0%
<u>Expenses</u>				
General & Administrative	2,805,169	2,831,010	561,524	19.8%
Maintenance & Operations	11,596,419	11,609,026	2,158,360	18.6%
Capital Projects	9,400,000	10,742,416	151,397	1.4%
Depreciation	977,000	977,000	260,800	26.7%
Total Water Utility Fund Expenses	24,778,588	26,159,452	3,132,081	12.0%
Revenues Over/(Under) Expenses	\$ (11,338,581)	\$ (12,719,445)	233,369	
Available Working Capital, July 1 (unaudited)			34,441,868	
Adjustments to Working Capital			412,197	
Available Working Capital, End of Period			<u>\$ 35,087,434</u>	

SANITARY DISTRICT FUNDS (871/872/873)



The Camarillo Sanitary District (CSD) is a separate governmental entity, formed in 1955 to provide wastewater treatment services for residential and commercial customers within its boundaries. The CSD is fully self-supporting, and derives the majority of its revenue from ratepayers for services rendered. Other funding sources include property taxes, and capital fees collected from developers. The CSD has been divided into three separate funds for budgeting purposes. The separation of these funds allows for ease in cash flow and rate setting.

In total, the Sanitary District Funds have recognized 114.2% of projected revenues and transfers in. This is primarily due to the Wastewater Revenue Bonds refunding which generated \$20.0 million in proceeds that had not been included in the original budget. The budget will be amended at mid-year to properly reflect the transaction. Excluding the bond issuance, 14.6% of projected revenues and transfers in have been recognized. This time last year, 9.0% of projected revenues and transfers in had been realized. Grant Revenue is anticipated at fiscal year-end. Budgeted expenses and transfers out also higher than anticipated due to the bond issuance, at 76.2%, compared with 8.2% for the first quarter 2014/15.

Sanitary District Summary (September 30, 2015)

All Sanitary District Funds	Adopted Budget	Amended Budget	YTD Actual	Percent Realized
Revenues				
Regular Rate Charges	\$ 10,571,800	\$ 10,571,800	\$ 2,167,607	20.5%
Property Taxes	988,513	988,513	-	0.0%
Base Rate Charges	1,164,000	1,164,000	199,180	17.1%
Billing & Penalty Fees	188,000	188,000	50,640	26.9%
Other Revenue Sources	288,057	288,057	58,883	20.4%
Capital Improvement Fees	30,000	30,000	104,775	349.3%
Grants & Subventions	2,550,000	2,550,000	-	0.0%
Proceeds from Bonds Issued	2,000,000	2,000,000	20,045,320	1002.3%
Investment Income	53,950	53,950	25,453	47.2%
Total	17,834,320	17,834,320	22,651,858	127.0%
Transfers In	2,000,000	2,000,000	-	0.0%
Total Sanitary District Revenue	19,834,320	19,834,320	22,651,858	114.2%
Expenses				
General & Administrative	3,144,661	3,162,660	543,605	17.2%
Maintenance & Operations	5,285,042	5,328,780	967,982	18.2%
Debt Service	1,440,350	1,440,350	19,918,693	1382.9%
Capital Purchases	130,000	241,781	81,546	33.7%
Capital Projects	12,720,000	14,667,562	13,389	0.1%
Depreciation	2,180,000	2,180,000	596,374	27.4%
Total	24,900,053	27,021,133	22,121,589	81.9%
Transfers Out	2,000,000	2,000,000	-	0.0%
Total Sanitary District Expenses	26,900,053	29,021,133	22,121,589	76.2%
Revenues Over/(Under) Expenses	\$ (7,065,733)	\$ (9,186,813)	530,269	
Available Working Capital, July 1 (unaudited)			27,602,179	
Adjustments to Working Capital			609,763	
Available Working Capital, End of Period			<u>\$ 28,742,211</u>	

The following summary highlights the Sanitary District Funds individually:

Operating Fund (871)	Adopted Budget	Amended Budget	YTD Actual	Percent Realized
Revenues	\$ 12,238,957	\$ 12,238,957	\$ 2,485,243	20.3%
Expenses & Transfers Out	10,609,703	10,671,440	2,107,961	19.8%

Debt Service Fund (872)	Adopted Budget	Amended Budget	YTD Actual	Percent Realized
Revenues	\$ 2,992,513	\$ 2,992,513	\$ 20,046,740	669.9%
Expense	3,440,350	3,440,350	19,918,693	579.0%

Capital Projects Fund (873)	Adopted Budget	Amended Budget	YTD Actual	Percent Realized
Revenues & Transfers In	\$ 4,602,850	\$ 4,602,850	\$ 119,875	2.6%
Expenses	12,850,000	14,909,343	94,935	0.6%

Operating Fund revenues are tracking as expected, with 20.3% of budget received. Expenses are slightly under projections at 19.8%, compared with 15.3% this time last year, primarily due to transfers to the CSD Capital Projects Fund that have not been processed.

Revenues in the Debt Service Fund are primarily Property Taxes, which are received in two installments, the first in December and the second in April. Expenses reflect a reclass of prior period bond interest of \$69,430 to a capital improvement project, and \$377,120 cost of bond issuance as the Wastewater Revenue Bonds, Series 2005 were refunded and \$20 million Wastewater Refunding Revenue Bonds, Series 2015 were issued. The refunding and issuance at current interest rates is estimated to save the District \$1.4 million over the term of the refunding. Average annual savings would be \$89,000 over the remaining 21 years life of the Refunding Bonds.

The Capital Projects Fund has had little activity during the first quarter, which is reflected in the low percent realized to date.

ALL OTHER FUNDS

Lighting & Landscape Maintenance District Fund (220) - The first apportionment of the primary revenue (Property Taxes) will not be received until December.

Storm Water Management Fund (270) - The revenues are currently tracking at 0.1% of budget. The current fiscal year budgeted annual Special Assessment of \$153,985 is not anticipated until June 2016. Expenditures are lower than anticipated at 10.7%, primarily due to permit fees typically disbursed in October, and timing of contract services invoicing.

Library Operating Fund (284) - The first apportionment of the primary revenue (Property Taxes) will not be received until December. Expenditures are on track at 24.3% of annual budget.

Camarillo Corridor Bond Projects Fund (429) - The City executed an agreement with the Successor Agency (SA) to the Camarillo Community Development Commission (CDC) to manage capital improvement projects (as outlined in the approved Long-Range Property Management Program),

utilizing former CDC construction bond funds. A portion of the *All Other Funds* expenditures, \$3.0 million, represents the capital project.

Risk Management Fund (510) - Liability and property insurance premiums are due in full at the beginning of each fiscal year, thus the 45.3% expenditures ratio.

Corporation Yard, Police, Library, Camarillo Ranch, and Chamber of Commerce Facility Funds (551, 552, 553, 554, 555) - Expenditures are significantly lower than expected in these funds primarily due to unexpended planned capital purchases and projects.

Reclaimed Water Fund (861) - Revenue, at 11.3% and expenses at 13.0% reflect operations start up, and billing as of August 2015.

SUMMARY

With the first quarter of the fiscal year complete, all revenues are tracking at 37.2% of budget (16.5% excluding the Sanitary District \$20 million bond issuance), compared to 23.3% last year. Our expenditures are at 13.8%, compared with 14.3% as of first quarter last year. We will continue to monitor our revenues and expenditures closely, and will provide Council with a detailed analysis of the City's financial position during the mid-year budget review process.

This summary is based on information produced by the City's Finance Department. If you would like additional information or have any questions about the report, please contact me at 388-5320.

Sincerely,



Ronnie J. Campbell
Director of Finance