



CITY OF MORRO BAY

Citizens Oversight Committee

Acting as Citizens Finance Advisory Committee

NOTICE OF REGULAR MEETING

Mission Statement

The City of Morro Bay provides essential public services and infrastructure to maintain a safe, clean and healthy place for residents and visitors to live, work and play.

Agenda
Tuesday, September 18, 2018
VETERANS MEMORIAL HALL – 3:30 PM
209 SURF ST., MORRO BAY, CA

ESTABLISH QUORUM AND CALL TO ORDER

COMMITTEE MEMBERS ANNOUNCEMENTS & PRESENTATIONS

PUBLIC COMMENT PERIOD - Members of the audience wishing to address the Committee on business matters may do so at this time.

To increase the effectiveness of the Public Comment Period, the following rules shall be followed:

- When recognized by the Chairperson, please come forward to the podium, and state your name and address for the record. Comments are to be limited to three minutes.
- All remarks shall be addressed to the Committee, as a whole, and not to any individual member thereof.
- The Committee respectfully requests that you refrain from making slanderous, profane or personal remarks against any elected official, commissioner, committee member and/or staff.
- Please refrain from public displays or outbursts such as unsolicited applause, comments or cheering.
- Any disruptive activities that substantially interfere with the ability of the Committee to carry out its meeting will not be permitted, and offenders will be requested to leave the meeting.
- Your participation in Committee meetings is welcome, and your courtesy will be appreciated.

A. CONSENT CALENDAR

1. APPROVAL OF MINUTES FOR THE AUGUST 21, 2018, CITIZENS OVERSIGHT/FINANCE ADVISORY COMMITTEE MEETING

RECOMMENDATION: Approve as submitted.

B. BUSINESS ITEMS

1. BRIEF FINANCE UPDATE, (Finance Director)

2. 4th QUARTER INVESTMENT REPORT PERIOD ENDING JUNE 30, 2018 FOR FISCAL YEAR 2017/18, (Finance Director)

RECOMMENDATION: Receive the fourth quarter investment report (period ending June 30, 2018) for Fiscal Year 2017/18.

3. RECEIVE REPORT REGARDING FISCAL EMERGENCY PLAN ECONOMIC TRIGGERS; (Finance Director)

RECOMMENDATION: Receive report regarding fiscal emergency plan economic triggers and provide feedback.

4. Fiscal Year 2018/19 BUDGET BRIEF; (Finance Director)

RECOMMENDATION: Receive Draft FY 2018/19 Budget Brief and provide feedback.

5. FUTURE AGENDA ITEMS

C. SCHEDULE NEXT MEETING

October 16, 2018

D. ADJOURNMENT

THIS AGENDA IS SUBJECT TO AMENDMENT UP TO 72 HOURS PRIOR TO THE DATE AND TIME SET FOR THE MEETING. PLEASE REFER TO THE AGENDA POSTED AT CITY HALL FOR ANY REVISIONS, OR CALL CITY HALL AT 772-6201 FOR FURTHER INFORMATION.

MATERIALS RELATED TO AN ITEM ON THIS AGENDA SUBMITTED TO THE COMMITTEE AFTER DISTRIBUTION OF THE AGENDA PACKET ARE AVAILABLE FOR PUBLIC INSPECTION AT CITY HALL LOCATED AT 595 HARBOR STREET DURING NORMAL BUSINESS HOURS.

IN COMPLIANCE WITH THE AMERICANS WITH DISABILITIES ACT, IF YOU NEED SPECIAL ASSISTANCE TO PARTICIPATE IN A CITY MEETING, PLEASE CONTACT THE CITY CLERK'S OFFICE AT LEAST 72 HOURS PRIOR TO THE MEETING TO INSURE REASONABLE ARRANGEMENTS CAN BE MADE TO PROVIDE ACCESSIBILITY TO THE MEETING.

**MINUTES – CITIZENS OVERSIGHT/ FINANCE
ADVISORY COMMITTEE
REGULAR MEETING – AUGUST 21, 2018
VETERANS MEMORIAL HALL – 3:30 P.M.**

MEMBERS PRESENT:	Barbara Spagnola	Chair
	John Martin	Vice-Chairperson
	Dawn Addis	Member
	Bart Beckman	Member
	David Betonte	Member
	Walter Heath	Member
MEMBERS ABSENT:	John Erwin	Member
STAFF PRESENT:	Jennifer Callaway	Finance Director
	Valerie Webb	Senior Accounting Technician

ESTABLISH A QUORUM AND CALL TO ORDER

Chair Spagnola called the meeting to order at 3:30 p.m., with 6 members present.

COMMITTEE MEMBERS ANNOUNCEMENTS & PRESENTATIONS

<https://youtu.be/zwkFDr0zJtw?t=55s>

Board Member Heath - Morro Bay in Bloom will be working on Saturday August 25th at Coleman Beach parking lot, sprucing up the landscaping there, 9:00-11:00 am.

PUBLIC COMMENT PERIOD

<https://youtu.be/zwkFDr0zJtw?t=1m28s>

None

A. CONSENT CALENDAR

1. APPROVAL OF MINUTES FOR THE JUNE 23, 2018, JOINT COMMUNITY WORKSHOP
2. APPROVAL OF MINUTES FOR THE JUNE 25, 2018, JOINT ADVISORY COMMITTEE MEETING WRFCAC, CFAC, and PWAB
Chair Spagnola requested a correction to attendance, Jesse Barron was present.
3. APPROVAL OF MINUTES FOR THE JULY 17, 2018, CITIZENS OVERSIGHT/FINANCE ADVISORY COMMITTEE MEETING
Board Member Martin requested corrections to item 3 - should read 3rd quarter, and other item descriptions to match the agenda verbatim.

Chair Spagnola requested a correction to include the last name of the speaker during public comment section.

<https://youtu.be/zwkFDr0zJtw?t=4m45s>

MOTION: Board Member Addis moved to approve A1, A2, and A3 as submitted with minor corrections as noted. Board Member Heath seconded, and the motion carried 6-0.

B. BUSINESS ITEMS

1. BRIEF FINANCE UPDATE, (Finance Director)

<https://youtu.be/zwkFDr0zJtw?t=5m39s>

The fire engine purchase was approved with a council resolution. The contributions will be \$300,000 from the donation fund; \$20,000 general fund contributions from the vehicle replacement fund; and the remaining \$56,000 from Measure Q. The purchase order system is up and running, being used on a limited basis while staff are trained.

2. PRESENTATION AND DISCUSSION OF OPENGOV TRANSPARENCY PORTAL

<https://youtu.be/zwkFDr0zJtw?t=12m29s>

Committee received presentation and provided input on deployment and training.

3. FISCAL YEAR 2018/19 BUDGET BRIEF, (Finance Director)

<https://youtu.be/zwkFDr0zJtw?t=55m44s>

Committee received the draft FY 2018/19 budget brief and provided feedback on the layout, content, and suggestions on how to distribute.

4. FUTURE AGENDA ITEMS

<https://youtu.be/zwkFDr0zJtw?t=1h17m52s>

Second draft of budget brief brochure
4th quarter investment report

C. SCHEDULE NEXT MEETING

The next Regular Meeting of the Citizens Finance Advisory Committee is scheduled for Tuesday, September 18, 2018.

D. ADJOURNMENT

The meeting adjourned at 5:10 p.m.

Recorded by:
Valerie Webb



AGENDA NO: B-2

MEETING DATE: September 18, 2018

Staff Report

TO: CFAC Chair and Committee Members **DATE:** September 14, 2018
FROM: Jennifer Callaway, Finance Director
SUBJECT: Fourth Quarter Investment Report (period ending June 30, 2018) for Fiscal Year 2017/18

RECOMMENDATION

1. Receive the attached Fourth Quarter Investment Report (period ending June 30, 2018) for Fiscal Year 2017/18.

FISCAL IMPACT

There is no fiscal impact associated with this recommendation.

DISCUSSION

Attached for your consideration is the Fourth Quarter Investment Report for FY 2017/18.

As of June 30, 2018, the City's weighted portfolio yield of 1.328% was below the Local Agency Investment Fund (LAIF) yield of 1.90%. With interest rates increasing staff will work to remain more vigilant in monitoring rates closely and as investments mature replace those investments with an appropriate maturity and credit rating equivalent investment.

During the quarter, yields have generally been increasing anticipating continued economic growth. Staff's strategy will be to focus on the purchase of short-term (two years or less in maturity) investments as the rewards for longer term investments in the three to five-year maturity do not have adequate spreads to justify the risk of holding longer term maturities.

CONCLUSION

Staff recommends that the Committee receive the Fourth Quarter Investment Report (period ending June 30, 2018) for Fiscal Year 2017/18.

ATTACHMENT

1. Fourth Quarter Investment Report for FY 2017/18 (period ending June 30, 2018)

Prepared By: JC

Dept Review: _____

City Manager Review: _____

City Attorney Review: _____

CITY OF MORRO BAY
QUARTERLY PORTFOLIO PERFORMANCE
6/30/2018

INVESTMENT OR CUSIP NUMBER	INSTITUTION	PURCHASE PRICE	MARKET VALUE	COUPON INTEREST RATE	PURCHASE DATE	MATURITY DATE	DAYS TO MATURITY
LAIF	LOCAL AGENCY INVESTMENT FUND	\$ 9,772,005	\$ 9,772,005	1.90%	DAILY	DAILY	1
MONEY MARKET ACCOUNT:							
MM	RABOBANK - MONEY MARKET	2,532,784	2,532,784	0.20%	DAILY	DAILY	1
SWEEP	RABOBANK - SWEEP	5,405,332	5,405,332	0.05%	DAILY	DAILY	1
MM	OPUS BANK	4,063,048	4,063,048	1.93%	DAILY	DAILY	1
Government Agency							
3134G8PD5	FHLM Corp	500,003	497,548	1.350%	3/30/2016	9/30/2019	
CERTIFICATES OF DEPOSIT:							
1404202A7	ZION BANK - CAPITAL ONE BANK	250,005	252,772	2.400%	4/12/2017	4/12/2022	1,382
902856	TBK BANK	250,000	250,000	2.050%	1/24/2017	1/11/2019	195
4100093030	LEADER BANK	250,000	250,000	1.551%	1/6/2014	1/6/2019	190
254671VW7	ZION BANK - DISCOVER BANK	250,001	251,224	2.000%	9/11/2013	9/11/2018	73
05568P5Y9	ZION BANK - BMW BANK	250,001	251,262	2.100%	10/25/2013	10/25/2018	117
36160NYZ6	ZION BANK - Synchrony Bank CD	250,001	251,661	2.150%	10/25/2013	10/25/2018	117
38148PGK7	ZION BANK - GOLDMAN SACHS BANK	250,003	245,243	1.550%	8/3/2016	8/3/2021	1,130
3090683803	STATE FARM BANK	250,000	250,000	1.980%	10/21/2013	10/21/2018	113
4923509568	PENTAGON FEDERAL CREDIT UNION	250,000	250,000	3.000%	2/5/2014	2/5/2019	220
		<u>\$ 24,523,183</u>	<u>\$ 24,522,878</u>				
					% OF LIQUID PORTFOLIO HOLDINGS	WEIGHTED AVERAGE RATE OF EARNINGS	WEIGHTED AVERAGE MATURITY
					<u>88.786%</u>	<u>1.328%</u>	<u>37</u>

Portfolio holdings as of the third quarter ended June 30, 2018, are in compliance with the current Investment Policy. With 88.786%

of the portfolio held in liquid instruments, the City's portfolio is well above the 65% to 70% target liquidity rate approved by the City Council in March 2018.



AGENDA NO: B-3

MEETING DATE: September 18, 2018

Staff Report

TO: CFAC Chair and Committee Members

DATE: September 14, 2018

FROM: Jennifer Callaway, Finance Director

SUBJECT: Receive Report Regarding Fiscal Emergency Plan Economic Triggers

RECOMMENDATION

Receive report regarding fiscal emergency plan economic triggers and provide feedback.

BACKGROUND

At the July 10, 2018 City Council meeting, the Council requested that the development of a fiscal emergency plan be added to future Council items. In addition, the Council previously requested that financial policies be added to a future Council agenda for review and discussion. On August 28, 2018 staff brought forward an action plan outlining the process to complete both a fiscal resiliency plan and formation of Accounting Policies and Procedures. Council approved staff's recommended plan and as such staff has proceeded with discussion of fiscal emergency plan and economic triggers to be identified in that plan.

Both the development of a fiscal sustainability plan and adoption of financial policies aligns with the Council identified Goal of Achieving Economic and Fiscal Sustainability, specifically objective 1, action items a, b and d as follows:

Goal: Achieve Financial and Economic Sustainability

Objective 1: Secure financial sustainability through a comprehensive review of cost reductions and revenue enhancement opportunities.

Action a: Develop a cost control and reduction plan to achieve cuts to maintain a structurally balanced budget, including, but not limited to a complete review of staffing levels and non-labor costs in all departments.

Action b: Develop a staff-internal emergency cost reduction plan to inform future fiscal emergencies.

Action d: Evaluate opportunities for new or expanded revenue sources, including but not limited to: paid parking, other tax measures and a review of city fees.

Fiscal Emergency and Sustainability Plan

Prepared By: JC

Dept Review:

City Manager Review: SC

City Attorney Review:

With the cost of employee benefits and City services increasing, public sector agencies across the state are experiencing fiscal challenges, struggling to maintain service levels within existing revenue sources. These struggles are particularly acute for local governments in California as they come to grips with the CalPERS discount rate reductions phasing in, with some agencies declaring bankruptcy or fiscal emergencies. This is especially worrisome, given that the country continues to ride through the longest sustained economic boon we experienced as a nation, leading to speculation that a recession is looming. Furthermore, as a region, San Luis Obispo County will have unique challenges in the coming years with the closure of the Diablo Nuclear Power Plant and resulting economic consequences for the area (estimated \$1 Billion impact to the region and loss of thousands of jobs).

As such, the City Council has prioritized taking a proactive stance in developing a Fiscal Emergency and Sustainability Plan, identifying this as a top goal for 2018. The plan is two-fold, first being the fiscal emergency component which will identify economic triggers that would stimulate staff action to reduce expenditures accordingly. By establishing this short-term fiscal emergency plan, it would allow the City to swiftly address abrupt changes in the economy or a local emergency(ies) that necessitate action. This would also allow for transparent action that would be known from the community and staff in advance of an emergency taking place. These plans are often referred to as fiscal resiliency plans. The Government Finance Officers Association (GFOA), provides guidance on fiscal resiliency. GFOA recognizes that government's need to be resilient, having leaders in place that recognize the importance of resiliency and have outlined the following traits of a resilient organization:

1. **Accept Uncertainty and Embrace Change** – learn from past experiences, explore new ideas, and evolve.
2. **Build systems that can withstand Shocks and Stresses** – avoid single points of failure, develop back-up plans, and diversify risk.
3. **Think broadly about what influences financial health** – financial health is the responsibility of all public officials and staff, not just finance officials.
4. **Evolve to adapt to new conditions and foster collaboration between finance officials and non-finance officials** – mobilizing resources from a variety of sources.

The GFOA model for fiscal resiliency is characterized in the graphic below:



As a best practice, several cities throughout the state have developed fiscal resiliency plans in some form or another. The City of Novato spent over a year conducting work sessions to analyze various aspects and components of the City’s financial health that resulted in a comprehensive summary of research, background and options compiled into a fiscal sustainability plan.

Similarly, the City of Thousand Oaks developed a fiscal sustainability study in 2016 which focused on the City’s current challenges and/or likely future challenges. The plan was developed after engagement with the City’s various committees and Council discussion. The City of Thousand Oaks plan was presented in staff report format and not as an independent guiding document. Most recently, the City of Dublin formed a fiscal sustainability task force with the goals of educating the public and fostering discussion on the City’s current and projected financial status and to produce an advisory document with future budget options for the City Council to consider. The task force was assembled for one-year and met bi-monthly. The City also hired an outside consulting firm to facilitate the discussion and development of the final report which was presented to the City Council in February 2018.

Locally, the City of San Luis Obispo developed a Fiscal Health Contingency Plan back in the early 2000s. The City of San Luis Obispo’s plan establishes a framework and general strategy for responding to adverse fiscal circumstances in both the short and long-term and is updated on a regular basis.

Staff suggested re-engaging the Employee Budget Advisory Committee (EBAC) and the Citizen’s Advisory Committee (CFAC) to develop a City of Morro Bay Fiscal Resiliency Plan. The plan would address both the fiscal emergency or contingency plan as a short-term action plan as well as long-term financial resiliency plans. The plan would establish a framework and general strategy for responding to adverse fiscal circumstances, both short and long-term with meaningful engagement from both the employees and community. The plan would be designed to take a policy-based approach to decision making and reflect the City’s organizational values. The plan would not be a prescriptive recipe for expenditure cuts or revenue enhancements, as each measure would need to

be examined on a case-by-case basis – the plan rather would articulate principles and values upon which specific responses will be based.

The plan would identify triggers, such as adverse fiscal circumstances (such as reductions in revenues), which clearly define when fiscal first aid is needed. Staff recommended that all funds participate in the plan, including the enterprise funds because we are all part of one organization and it is important for staff to be cognizant of and limit enterprise fund rate during fiscal emergencies.

Staff recommended that the City first address the short-term emergency or contingency response plan and focus efforts on this section of the plan, defining economic triggers that would require assessment and short-term mitigating response from the City. Staff proposed the following timeline for the Emergency/Contingency Response portion of the overall plan which was approved by the City Council:

September 5, 2018 – Employee Budget Advisory Group (Group) discussion of Economic Triggers

September 18, 2018 – Citizen Finance Advisory Committee (CFAC) Discussion of Economic Triggers

September 25, 2018 – City Council discussion of Economic Triggers

October 4, 2018 – EBAC discussion of short-term mitigation strategies

October 16, 2018 – CFAC Discussion of short-term mitigation strategies

November 13, 2018 – City Council discussion of short-term mitigation strategies

December 11, 2018 – City Council discussion and Adoption of Short-Term Emergency and Contingency Response Plan

January 15, 2019 – City Council discussion of schedule and process for long-term fiscal sustainability plan

Beginning in early 2019, staff will bring forward a new schedule and process to examine long-term financial resiliency components in which one-time, on-going and new revenue sources are discussed as well as expenditure reductions, service model change options and enhanced utilization of technology.

DISCUSSION

On September 5, 2018 the Employee Budget Advisory Group (Group) met to discuss the concept of a fiscal resiliency plan, the fiscal emergency component of the plan and ideas and thoughts on economic conditions or circumstances that would trigger the fiscal emergency plan. The Group consists of 14 City employees, representing the various departments and work groups within the City. The Group identified and discussed the following economic triggers which would stimulate the fiscal emergency plan:

1. Natural disaster
2. Human caused Disaster
3. State take-aways of local revenues
4. Large, unexpected costs

5. Economic downturn: (Defined as below)
 - a. Two consecutive quarters of declining revenues in the major revenues sources identified in the MOUs for COLA increases (sales tax, TOT and Property Tax).

Identification of triggers is meant to create a transparent process and formula for short term mitigations measures when fiscal first aid may be needed. With concurrence on the economic triggers component, staff and the Group will begin to work on developing short-term mitigation measures that could be enacted should the triggers be met.

CONCLUSION

Having a clear strategy in place for fiscal emergencies that reflects the City of Morro Bay's values will serve as the foundation for decision-making in tough fiscal times and will aid in preserving the City's long-term fiscal health and vitality. The City values input and feedback from CFAC regarding these economic triggers. CFACs input will be shared with the City Council on September 25, 2018.

Capital Program Budget Financial Summary

The FY 2018/19 Capital budget includes funding for \$13,194,030 in capital improvements through the City as outlined below:

WRF*	\$	9,378,776
Street Improvements		1,295,715
General Government		1,185,196
Harbor Projects		595,576
Transit		327,255
Water Projects		205,756
Sewer Projects		<u>205,756</u>
Total Capital Projects	\$	13,194,030

*Water Reclamation Facility

Significant FY 2018/19 Projects

- Water Reclamation Facility
- Fire Engine Replacement
- Pavement Management Plan
- City Park Play Equipment
- ADA Transition Plan Improvement Sidewalks/Crosswalks
- Audio Visual and Facility upgrades for Council Chambers
- Replacement Vehicle—Trolley
- Beach Street Slips—South

2018 Council Goals

1. Achieve Economic and Fiscal Sustainability
2. Complete WRF Project and OneWater Program
3. Improve Infrastructure and Public Spaces
4. Review and Update Significant City Land Use Plans
5. Improve Communication to the Community

GLOSSARY

Balanced Budget: A budget with operating revenues equal to operating expenditures. More generally, it refers to a budget with no deficit, but possible with surplus.

Capital Projects Funds: Funds that accounts for financial resources to be used for the acquisition or construction of capital facilities.

Enterprise Fund: Fund-type established to account for the financing of self-supporting activities of governmental units, which render services on a user charge basis to the general public.

Fund: A set of inter-related accounts to record revenues and expenditures associated with a specific purpose.

General Fund: Primary fund used by the City for which revenues and expenditures are not legally restricted for use.

Government Funds: Funds used to account for all assets and liabilities of a government agency, except those particularly assigned for other purposes in another more specialized fund. There are five different types of governmental funds: the general fund (primary operating fund), special revenue funds, debt service funds, capital project funds, and permanent funds.

Interfund Transfers: Transfer of funds between departments/funds for specific purpose, as approved by appropriate authority.

Internal Service Funds: A fund that collects money from departments/funds to pay for the established purpose of the fund (i.e. Risk Management Fund).

Special Revenue Funds: Revenues received that have specific purposes for which they are earmarked

Transfers: Authorized exchanges of money, positions, or other resources between organizational units or funds.

CITY OF MORRO BAY Summary of FY 2018/19 Adopted Budget



PUT LIFE ON COAST

Mayor
Jamie Irons

City Manager
Scott Collins

Vice Mayor
Marlys McPherson

City Clerk:
Dana Swanson

Council Members
Red Davis
John Headding
Matt Makowetski

Department Heads:
Jody Cox, Police
Steve Knuckles, Fire
Rob Livick, PW
Scot Graham, CDD
Eric Endersby, Harbor
Jen Callaway, Finance

595 Harbor St.
Morro Bay, CA
805-772-6222

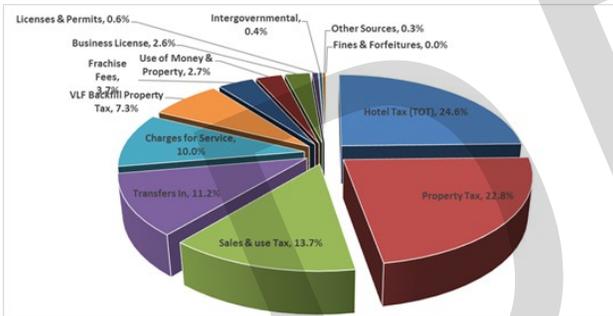
BUDGET SUMMARY

GENERAL FUND

Revenues: (By Category)

Hotel Tax (TOT)	\$	3,524,835
Property Tax		3,262,077
Sales & use Tax		1,964,510
Transfers In		1,605,795
Charges for Service		1,435,473
VLF Backfill Property Tax		1,048,184
Franchise Fees		531,799
Use of Money & Property		389,600
Business License		376,500
Licenses & Permits		92,859
Intergovernmental		50,380
Other Sources		43,005
Fines & Forfeitures		5,511
Total	\$	14,330,528

FY 2018/19 Revenues by Category
\$14.3 Million



Hotel Tax (TOT): Tax that is levied on occupants of hotel and motel rooms in the city for stays of less than 30 days. local property taxes

VLF back-fill property Tax: A state fee charged for the privilege of operating a vehicle on public streets. A VLF is levied annually against the market value of a motor vehicle and is imposed by the state "in lieu" of local property taxes



Licenses & Permits: Revenues earned by the issuance of licenses or permits levied in accordance with the benefits conferred by the license or permit.

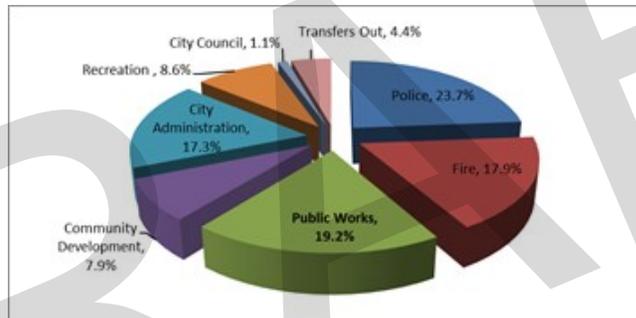
GENERAL FUND

Expenditures (By Department):

Police	\$	3,399,264
Public Works		2,751,209
Fire		2,569,479
City Administration*		2,472,243
Recreation		1,225,166
Community Development		1,136,633
Transfers Out		624,080
City Council		150,550
Total	\$	14,328,624

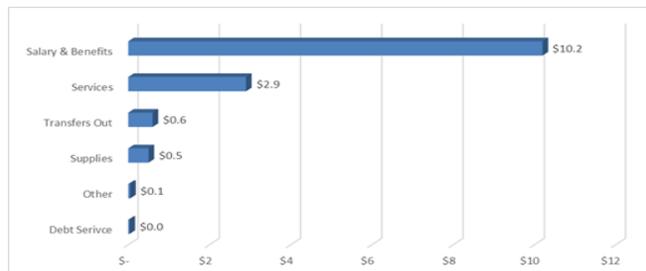
*City Manager, Legal Services, Finance, Human Resources, Clerk, Contract Services

FY 2018/19 Expenditures by Department



Expenditures (By Category):

Salary & Benefits	\$	10,228,403
Services		2,876,599
Transfers Out		624,080
Supplies		499,017
Other Sources		65,335
Debt Service		35,190
Total	\$	14,328,624



CITY-WIDE DATA

Personnel

Authorized Funded Positions	99.5
Elected Officials	5.0

Revenues: (By Fund)

General Fund	\$ 14,330,528
Capital Projects Funds	13,169,030
Enterprise Funds	22,401,299
Internal Service Funds	2,345,430
Other Revenue Funds	1,486,211
Special Revenue Funds	2,080,135
Total Rev & Transfers In	\$ 55,812,633

Expenditures (By Fund)

General Fund & Transfers	\$ 14,328,624
Capital Projects Funds	13,194,030
Enterprise Funds	11,693,754
Internal Service Funds	2,083,631
Other Revenue Funds	1,730,851
Special Revenue Funds	1,536,632
Other Transfers Out	7,266,100
Total Expend & Transfers	\$ 51,209,542

Cash Balance Reserves*

	2017/18 Est YE	2018/19 Bud YE
Sewer Funds ¹	\$7,238,220	\$1,268,928
Water Funds	4,092,434	5,373,916
Other Funds	3,733,595	2,918,528
General Fund	3,120,415	3,291,415
Internal Service Funds	1,416,537	1,507,336
Harbor Funds	989,288	682,037
Utility Discount	413,829	413,829
Tourism	283,022	304,675
Measure Q	118,299	118,299
Total Expenditures	\$21,405,639	\$15,878,963²

*The "cash balances" presented are a blend of fund balance and cash balance. Future budgets will be revised to provide fund balance for all funds.

1—Sewer Fund balance decreases year over year due to planned work on the Water Reclamation Facility Capital Project.

2—Decrease in available cash is primarily due to the budgeted expenditures for the City's new Water Reclamation Facility. The City budgeted use of available cash to reduce overall debt service and interest costs.