




Agenda Item: D-5
Agenda Date: August 19, 2021
Agenda Placement: Admin.
Estimated Time: N/A
Continued Item: No

Board Agenda Item

TO: Air Pollution Control District Board
FROM: Aeron Arlin Genet, Air Pollution Control Officer 
CONTACT: Kristina Aguilar, CPA, Administrative Division Manager, (805) 961-8813
SUBJECT: Financial Status Update for 4th Quarter of Fiscal Year 2020-2021, Ending June 30, 2021

RECOMMENDATION:

Receive and file the Budget to Actual Report for the 4th quarter of fiscal year 2020-2021, period ending June 30, 2021.

DISCUSSION:

The onset of the COVID-19 pandemic occurred during the APCD’s budget development and adoption process in Fiscal Year 2020-2021 (FY 2020-21). This unforeseen scenario brought considerable economic uncertainty to the region. The economic effects of stay-at-home orders and closure of non-essential businesses, along with changes to consumer demand could potentially impact the businesses that the District regulates. In response, throughout FY 2020-21, the District closely monitored revenues and expenditures to ensure long-term stability of the agency. This update is intended to provide the Board with a snapshot of where the agency landed at the end of the fiscal year and the important revenue indicators that were being tracked during this time.

The attached Budget to Actual Report for the period ending June 30, 2021, summarizes all twelve months of FY 2020-21 (which represents 100% of the budget year). Each year, the District starts the fiscal year off slow, regarding revenue, because some of the agency’s revenue streams are cyclical (i.e., re-evaluation fees) and do not occur until later in the year when the permit renewal is due. There are other revenue streams that are not recognized until the second half of the year, due to timing of those activities (i.e., annual emission fees and air quality attainment planning fees). The Budget to Actual Report includes all revenue sources except pass-through grant incentive funds. With that being said, the District’s operations ended the year with a net profit of approximately \$172,550.

In assessing the fiscal ramifications the District experienced in FY 2020-21, the District estimates approximately 2.9% of operating revenue (\$-277,520) was not being received due to COVID-19 implications. These impacts are the result of two specific factors: 1) staff limitations to inspect facilities with confined spaces (\$-173,245) and 2) interest received for the agency's fund balance accounts underperformed and not realized as budgeted (\$-104,275).

Revenue:

Year-to-date operating revenues total approximately \$7,453,305 or 78% of the total annual operating revenue budget. If you remove the fund balance budgeted for use, operating revenue ended the year at 96% of budget, which is remarkable based on all the different factors involved last year. All fee revenue line items met or exceeded what was budgeted except for the few that were limited due to COVID, which are noted above. Also, important to note, fund balance uses were budgeted at approximately \$2.2million, however only 18% of that was actually spent, when reconciled at the end of the year.

Expenditures:

Year-to-date operating expenditures of approximately \$7,280,752 represents 71% of the total annual operating expenditure budget. Salaries and benefits ended the year at \$5,538,918 representing 93% of the total budget for that expenditure category. Services and supplies are approximately \$1,268,658 or 66%.

For non-operating expenditures, fixed assets expenditures were \$194,746 which includes an air toxic module to be added to the District's portable Airpointer monitor, an Ozone analyzer for our monitoring group, a MicroPHAZIR that will be used by the District's Compliance staff to access the presence of asbestos, a deposit in escrow for the purchase of a north county office building, and costs to relocate and install a new community air monitoring station in Santa Maria.

Other Revenue Indicators:

Throughout this fiscal year, the District tracked a multitude of indicators that could be impacted by an economic downturn associated with the COVID-19 pandemic. Permit applications are a reflection of new businesses entering the area or expansion/modifications to existing facilities. The District received an average of 31 permit applications per month since the onset of the pandemic. This is compared to the five-year average of 31 applications per month – 100% of the five-year average submittal. Application fee revenues at the end of the fiscal year is 148% of total budget. It should also be noted that permit cancelations are below the historical five-year average since the onset of the pandemic.

Other revenue indicators being tracked include asbestos notification and application fees, permit application source type, CEQA project review, and DMV registrations. To date, no significant reductions in these categories have resulted due to COVID-19.

The District will continue to monitor revenues and expenditures closely going into the future. If there are any significant financial impacts that effect the budget going forward the District will bring that to your Board's attention. However, this is not anticipated based on how well the year went even while amid the pandemic.

ATTACHMENT:

- A. Budget Report for period ending June 30, 2021

ATTACHMENT A

Budget Report for period ending June 30, 2021

August 19, 2021

Santa Barbara County Air Pollution Control District
Board of Directors

260 San Antonio Road, Suite A
Santa Barbara, California 93110



Budget Report

	Original Total Budget	Actuals for Qtr. Ending 06/30/21	Variance Favorable (Unfavorable)	Percent Used
Revenue				
Licenses & Permits	3,555,421.00	3,870,797.42	315,376.42	108.87%
Use of Money	150,000.00	(20,650.28)	(170,650.28)	13.77%
Intergovernmental Revenue - State	1,797,417.00	1,756,374.40	(41,042.60)	97.72%
Intergovernmental Revenue - Federal	513,000.00	182,277.00	(330,723.00)	35.53%
Intergovernmental Revenue - Other	290,000.00	239,539.72	(50,460.28)	82.60%
Charges for Services	1,065,278.39	915,619.05	(149,659.34)	85.95%
Miscellaneous Revenue	12,348.00	53,196.62	40,848.62	430.81%
Restricted Fund Balance	-	66,375.19	66,375.19	16.45%
Committed Fund Balance	2,190,931.31	389,775.81	(1,801,155.50)	17.79%
Revenue Total:	9,574,395.70	7,453,304.93	(2,121,090.77)	77.85%
Expense				
Salaries & Benefits	5,982,901.74	5,538,917.90	443,983.84	92.58%
Services & Supplies	1,928,657.00	1,268,658.55	659,998.45	65.78%
Other Charges	171,575.00	154,879.79	16,695.21	90.27%
Fixed Asset	2,008,000.00	194,746.23	1,813,253.77	9.70%
Deposits into Committed Fund Balance	95,549.00	123,550.00	(28,001.00)	129.31%
Expense Total:	10,186,682.74	7,280,752.47	2,905,930.27	71.47%
Report Surplus (Deficit):		<u>172,552.46</u>		

Footnote:

This report includes all revenue and expenditures except for pass-through grant incentives. Due to this, total budget revenue does not balance with total budget expenditures. This is because the grants program is slated to use fund balance revenue for projects that were granted in previous years but will be paid out this fiscal year. When incentive funds are included budgeted revenue and budgeted expenditures agree.