



July – September 2017

## CURRENT FINANCIAL CONDITION

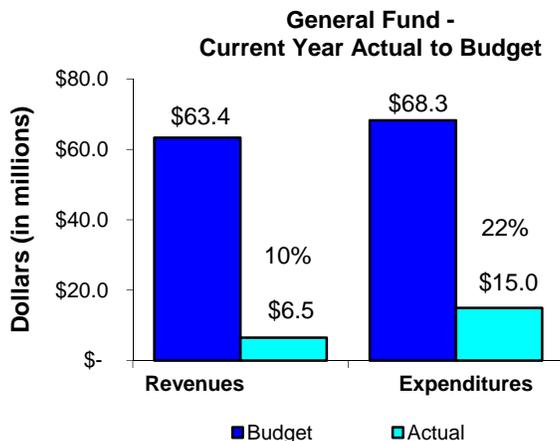
In FY 2017-18, the City is budgeted to maintain a positive operating position. At the end of the first quarter expenditures exceed revenues as a result of the timing of property tax receipts. Revenues and expenditures are within budgetary expectations for this time of the year.

## GENERAL FUND

General Fund revenues through the first quarter total \$6.5 million, or 10% of the \$63.4 million annual budget. General Fund revenue is only \$15,400 lower than last year's first quarter total revenue.

General Fund expenditures total \$15.0 million for the first quarter, or 22% of the \$68.3 million annual budget, as compared to \$12.7 million at this time last year. In total, expenditures ended the quarter \$2.3 million higher than the same period for the prior year.

Further information on General Fund revenues and expenditures are discussed further in this report.



## GENERAL FUND REVENUES

Revenues by Category	Budget	YTD Actual	%
Property Taxes	31,142,000	752,936	2%
Sales Tax	9,668,000	849,704	9%
Transient Occ. Tax	2,735,000	472,106	17%
Other Taxes	3,513,000	178,551	5%
Permits & Fees	1,767,770	395,230	22%
Intergovernmental	1,137,410	0	0%
Service Charges	5,498,370	1,808,223	33%
Fines	562,000	132,517	24%
Interest, Rents, Other	2,944,770	914,400	31%
Interfund Transfers	4,391,290	977,713	22%
	<b>63,359,610</b>	<b>6,481,380</b>	<b>10%</b>

➤ **Property Taxes:**  Property taxes total \$753,000, primarily from secured taxes. The bulk of the City's annual property tax revenues are received in December and April of each fiscal year.

➤ **Sales Tax:**  Sales taxes receipts amount to \$850,000 at the end of the 1st quarter, as compared to \$1.2 million in the prior year, mainly due higher one-time receipts in the previous year due to the State's sunset of the "triple flip" payment method.

➤ **Transient Occupancy Taxes (TOT):**  Transient occupancy taxes total \$472,000, about \$18,000 higher than this time last year due to higher hotel receipts in the 1st quarter.

➤ **Other Taxes:**  Other taxes, consisting mostly of franchise fees and business licenses, total \$179,000, \$102,000 lower than the prior year as a result of some TOT revenue being included here in 1st quarter of the prior year, which was then corrected in the 2nd quarter. The largest franchise fees, from SDG&E and Southern California Gas, are remitted in April of each year.

➤ **Permits & Fees:**  Permits and fees are at \$395,000, \$18,000 lower than the prior year due to slight decreases in construction permits as compared to the prior year.

➤ **Intergovernmental:**  Intergovernmental, mainly from grant revenues, is at \$0 for the 1st quarter, the same as the 1st quarter of the prior year.

➤ **Service Charges:**  Service charges, from general government, public safety, parking meter and recreation, amount to \$1.8 million, about \$37,000 lower the 1st quarter of the prior year, with decreases in ambulance and parking service charges somewhat offset by higher plan check fees.

➤ **Fines:**  Fine revenue is \$133,000, \$40,000 higher than the prior year, with \$60,000 of increases in administrative citations offset by decreases in parking violations and vehicle code fines.

➤ **Interest, Rents & Other:**  Interest, rents and other reimbursements total \$978,000, about \$216,000 higher than the prior year partly due to moving Negocio lease revenue to the General Fund and also new concession revenues from the Ole Hanson Beach Club. Also, higher investment returns and site rental revenue were somewhat offset by lower miscellaneous reimbursements.



Good. Positive Indicator;



Caution. Unsettled Indicator;



Problem. Negative Indicator

**GENERAL FUND EXPENDITURES**



Expenditure by Type	Budget	YTD Actual	%
Salaries	12,686,710	2,815,730	22%
Benefits	5,391,510	988,411	18%
Supplies	1,312,050	180,855	14%
Contractual Services	33,506,240	7,397,827	22%
Other Charges	1,109,830	337,240	30%
Capital Outlay	4,570,600	72,045	2%
Interdepartmental	4,813,310	1,231,886	26%
Transfers & Debt	4,889,880	1,950,915	40%
<b>Total</b>	<b>68,280,130</b>	<b>14,974,909</b>	<b>22%</b>

Expenditure by Dept	Budget	YTD Actual	%
General Government	5,082,860	1,053,471	21%
City General	10,247,920	2,917,626	28%
Police	14,892,830	3,692,208	25%
Fire	9,462,920	2,157,617	23%
Comm. Development	5,422,010	924,056	17%
Public Works	16,662,860	2,495,284	15%
Beaches, Parks & Rec	6,508,730	1,734,647	27%
<b>Total</b>	<b>68,280,130</b>	<b>14,974,909</b>	<b>22%</b>

Expenditures at the end of the FY 2017-18 first quarter are \$15.0 million compared to prior year's \$12.7 million, which is an increase of \$2.3 million.

Departments with increases from the prior year were General Government, City General, Police, Fire and Beaches, Parks and Recreation. The most significant increases were Police, which increased \$1.3 million mostly due to a timing difference of the payment for the police services contract. City General increased \$0.8 million based on higher insurance charges, animal control costs, and the unfunded past service PERS safety cost. Beaches, Parks and Recreation increased \$345,000 due to the operation of the OHBC and utilities costs.

Overall, costs are currently within anticipated results.

**ENTERPRISE FUNDS**

The following tables summarize the operating revenues, operating expenses, and changes in operating fund working capital for enterprise funds including Water, Sewer, Golf, Storm Drain and Clean Ocean funds.

**Revenues**

Revenue	Budget	YTD Actual	%
Water Fund	20,033,014	3,620,127	18%
Sewer Fund	9,058,922	1,493,154	16%
Golf Fund	2,152,112	660,200	31%
Storm Drain Fund	1,534,179	250,276	16%
Clean Ocean Fund	2,654,669	390,844	15%

Metered Water revenue is up \$53,000 compared to the previous year based on higher recycled water sales. Sewer revenues decreased \$112,000 in the first quarter of FY 2017-18 due to a one-time insurance reimbursement received in the prior year.

Golf Course revenue is up \$38,000 from higher green fees (\$34,000) and golf cart rentals (\$4,000), when compared to the first quarter of FY 2016-17.

Storm Drain and Clean Ocean fees are fixed and do not change significantly from year to year. Both are within budgeted expectations through the first quarter of FY 2017-18.

**Expenses**

Expenses	Budget	YTD Actual	%
Water Fund	21,023,580	3,541,818	17%
Sewer Fund	10,146,040	2,321,474	23%
Golf Fund	2,193,280	548,680	25%
Storm Drain Fund	1,725,750	381,882	22%
Clean Ocean Fund	3,207,110	426,730	13%

Water expenses are \$0.2 million higher when compared to the prior year. Salary and benefit expenses, chemicals, and major maintenance costs increased, but were within budget expectations. For the Sewer Fund, increases in property insurance, purchased water, and maintenance expenses caused total operating expenses to increase \$347,000 year over year. Full time salary expenses also increased as unfilled positions were filled.

Golf expenses increased \$79,000 compared to the previous year. Increases included salary & benefits, purchased water, electricity, and property insurance expenses. Clean Ocean expenses increased \$47,000 when compared to the first quarter of FY 2016-17.

**Working Capital**

Working Capital	Budget	YTD Actual
Water Fund	1,776,554	2,936,356
Sewer Fund	633,510	892,308
Golf Fund	-527,182	-374,494
Storm Drain Fund	446,839	506,804
Clean Ocean Fund	1,338,034	1,854,589

Working capital levels are adequate in all Enterprise Funds except the Golf Fund, which has a negative working capital balance.

**WHAT'S NEXT**

- **FY 2017-18 Mid-Year Report:** A City Council meeting by March 2018 will present mid-year results.
- **Long Term Financial Plan (LTFP):** A City Council meeting by March 2018 will present the Long Term Financial Plan of the City.
- Detailed budgetary information can be obtained from the Finance and Administrative Services Department or on the City's website at [www.san-clemente.org](http://www.san-clemente.org)



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