



July – September 2018

CURRENT FINANCIAL CONDITION

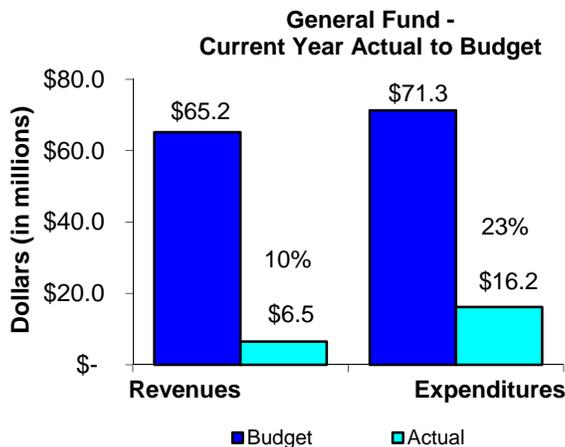
In FY 2018-19, the City is budgeted to maintain a small positive operating position. At the end of the first quarter expenditures exceed revenues due to property tax receipts being received later in the year. Revenues and expenditures are within budgetary expectations for this time of the year.

GENERAL FUND

General Fund revenues through the first quarter total \$6.5 million, or 10% of the \$65.2 million annual budget. General Fund revenue is \$2,100 higher than last year's first quarter total revenue.

General Fund expenditures total \$16.2 million for the first quarter, or 23% of the \$71.3 million annual budget, as compared to \$15 million at this time last year. In total, expenditures ended the quarter \$1.3 million higher than the same period for the prior year.

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



GENERAL FUND REVENUES

Revenues by Category	Budget	YTD Actual	%
Property Taxes	33,284,000	687,192	2%
Sales Tax	10,152,000	921,648	9%
Transient Occ. Tax	2,275,000	370,419	16%
Other Taxes	3,515,000	180,261	5%
Permits & Fees	1,619,790	510,691	32%
Intergovernmental	392,000	-	-%
Service Charges	5,306,340	2,071,613	39%
Fines	730,230	171,244	23%
Interest, Rents, Other	3,226,760	798,786	25%
Interfund Transfers	4,727,640	771,619	16%
	65,228,760	6,483,473	10%

➤ **Property Taxes:**  Property taxes total \$687,000, 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 tax receipts amount to \$922,000, compared to \$850,000 in the 1st quarter of the prior year. The increase is partially due to some receipts in the 1st quarter being from missing or partial payments from the prior year due to implementation issues with the State's new tax reporting software.

➤ **Transient Occupancy Taxes (TOT):**  Transient occupancy taxes total \$370,000, about \$102,000 less than at this time last year, due to lower hotel receipts in the first quarter.

➤ **Other Taxes:**  Other taxes, consisting mostly of franchise fees and business licenses, total \$180,000, about the same as the prior year. 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 \$511,000, which is \$115,000 higher than last year primarily due to increases in building and other construction permits.

➤ **Intergovernmental:**  Intergovernmental, which derives mainly from grant revenues, did not show any receipts in the first quarter, the same as last fiscal year.

➤ **Service Charges:**  Service charges, from general government, public safety, parking meter and recreation, amount to \$2.1 million, about \$263,000 higher than the prior year's first quarter mostly due to higher revenues from plan check fees, parking service charges, construction inspection fees and recreation service charges offset by lower junior lifeguard fees.

➤ **Fines:**  Revenues from fines total \$171,000, \$39,000 higher than the prior year, with increases in parking violations and administrative citations, compared to last year.

➤ **Interest, Rents & Other:**  Interest, rents and other reimbursements total \$799,000, about \$116,000 lower than the prior year with higher investment returns offset by lower rents and commissions, including some Negocio building leases which ended last year as City staff moved into the building.



GENERAL FUND EXPENDITURES



Expenditure by Type	Budget	YTD Actual	%
Salaries	13,131,960	2,965,458	23%
Benefits	5,590,490	1,266,464	23%
Supplies	1,164,200	144,327	12%
Contractual Services	35,424,790	7,866,065	22%
Other Charges	1,202,290	385,754	32%
Capital Outlay	4,576,120	130,578	3%
Interdepartmental	4,930,310	1,266,572	26%
Transfers & Debt	5,323,130	2,208,046	41%
Total	71,343,290	16,233,264	23%

Expenditure by Dept	Budget	YTD Actual	%
General Government	5,300,750	1,061,325	20%
City General	12,484,900	3,156,363	25%
Police	16,028,160	3,929,213	25%
Fire	9,961,470	2,627,697	26%
Comm. Development	5,385,990	996,863	19%
Public Works	15,398,210	2,548,315	17%
Beaches, Parks & Rec	6,783,810	1,913,488	28%
Total	71,343,290	16,233,264	23%

Expenditures at the end of the FY 2018-19 first quarter are \$16.2 million compared to prior year's \$14.9 million, which is an increase of \$1.3 million.

All departments had increases from the prior year, but the largest individual increases were seen in public safety and city general. City General increased by \$239,000 due to increases in the CalPERS unfunded public safety pension payment (\$207,000) and transfers (\$50,000). Police and Fire department costs increased \$707,000 based on higher contract costs (\$381,000), ambulance costs (\$207,000) and other costs (\$119,000). Other department's minimal increases included higher retirement contributions (\$227,000) that are spread among the various departments.

Overall, costs, in total, 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	20,990,884	4,239,290	20%
Sewer Fund	10,046,518	1,699,573	17%
Golf Fund	2,203,531	652,499	30%
Storm Drain Fund	1,551,191	207,015	13%
Clean Ocean Fund	2,648,697	408,850	15%

Water fund revenue is up \$0.6 million from the prior year, based on higher metered revenue of \$480,000 and fixed charges are up \$79,000 when compared to the prior year. Sewer revenues increased \$206,000 in FY 2018-19 based on increased sewer service charges.

Golf Course revenue is similar to last year's amount, with no significant changes from FY 2017-18. Storm Drain and

Clean Ocean fees are fixed and do not change significantly from year to year.

Expenses

Expenses	Budget	YTD Actual	%
Water Fund	21,245,560	3,613,855	17%
Sewer Fund	10,683,350	2,485,186	23%
Golf Fund	2,199,020	501,833	23%
Storm Drain Fund	1,674,940	366,298	22%
Clean Ocean Fund	2,484,470	362,632	15%

Water expenses are only \$0.1 million higher when compared to the prior year with slightly higher expenses in distribution program costs. For the Sewer Fund, increases in salary and benefits, chemicals, landfill, and other maintenance costs increased total operating expenses by \$164,000 year over year.

Golf, Storm Drain and Clean Ocean expenses were essentially flat when compared to the previous year.

Working Capital

Working Capital	Budget	YTD Actual
Water Fund	1,011,845	3,480,380
Sewer Fund	240,225	-273,021
Golf Fund	-157,414	119,015
Storm Drain Fund	296,026	407,062
Clean Ocean Fund	1,479,527	1,940,175

Working capital levels are adequate in all Enterprise Funds except the Golf Fund, which has a negative budgeted working capital balance, but has improved over the last year. The Sewer Fund working capital balance will be addressed in conjunction with a Cost-of-Service Study that will be started soon.

WHAT'S NEXT

- **FY 2018-19 Mid-Year Report:** A City Council meeting by March 2019 will present mid-year results.
- **Long Term Financial Plan (LTFP):** A City Council meeting by March 2019 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



Good. Positive Indicator;



Caution. Unsettled Indicator;



Problem. Negative Indicator