

January – March 2020

## CURRENT FINANCIAL CONDITION

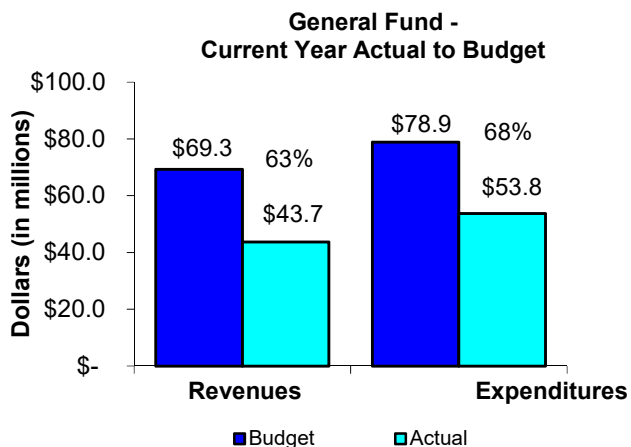
In FY 2019-20, the City's is budgeted to maintain a small positive operating position. At the end of the third quarter, expenditures exceed revenues due to the timing of property and sales tax receipts. Revenues and expenditures are within budgetary expectations for this time of the year.

## GENERAL FUND

General Fund revenues through the third quarter total \$43.7 million, or 63% of the \$69.3 million annual budget. General Fund revenue is \$0.2 million higher than last year's third quarter total revenue.

General Fund expenditures total \$53.8 million for the third quarter, or 68% of the \$78.9 million annual budget, as compared to \$50.9 million at this time last year. In total, expenditures ended the quarter \$2.9 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	35,635,200	22,056,027	62%
Sales Tax	10,127,000	6,265,992	62%
Transient Occ. Tax	2,650,000	1,648,853	62%
Other Taxes	3,536,000	1,658,054	47%
Permits & Fees	1,614,200	1,221,711	76%
Intergovernmental	1,838,500	814,035	44%
Service Charges	5,447,810	4,742,365	87%
Fines	730,230	267,592	37%
Interest, Rents, Other	3,616,640	2,305,120	64%
Interfund Transfers	4,078,960	2,677,307	66%
	<b>69,274,540</b>	<b>43,657,056</b>	<b>63%</b>

- **Property Taxes:** Property taxes total \$22.1 million, primarily from secured taxes. The amount is \$1.1 million higher than in the prior year.
- **Sales Tax:** Sales tax receipts amount to \$6.3 million, compared to \$6.4 million in the 3<sup>rd</sup> quarter of the prior year. The decrease is due to timing of receipts from the State.
- **Transient Occupancy Taxes (TOT):** Transient occupancy taxes total \$1.6 million, slightly higher than at this time last year.
- **Other Taxes:** Other taxes, consisting mostly of franchise fees and business licenses, total \$1.7 million, \$54,826 lower than in 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 \$1.2 million. This is \$61,652 less than in the prior year, due to a decrease in construction and street encroachment permits.
- **Intergovernmental:** Intergovernmental, which derives mainly from grant revenues, total \$814,035, which is \$0.8 million lower based receipts under the Safe Routes to School grant reimbursement in the prior year.
- **Service Charges:** Service charges, from general government, public safety, parking meter and recreation, amount to \$4.7 million, about \$103,773 higher than last year, which is due to higher public safety fees, and recreation service charges.
- **Fines:** Revenues from fines total \$267,592, \$143,764 lower than the prior year, with decreases in parking violations and administrative citations when compared to last year at this time.
- **Interest, Rents & Other:** Interest, rents and other reimbursements total \$2.3 million, about \$30,318 higher than the prior year, due to donations from private sources in the current year.



Good. Positive Indicator;



Caution. Unsettled Indicator;



Problem. Negative Indicator

**GENERAL FUND EXPENDITURES**



Expenditure by Type	Budget	YTD Actual	%
Salaries	13,554,620	9,179,104	68%
Benefits	6,415,280	4,885,470	76%
Supplies	1,162,990	677,757	58%
Contractual Services	40,294,514	28,415,910	71%
Other Charges	1,485,830	976,597	66%
Capital Outlay	7,162,005	2,932,198	41%
Interdepartmental	5,250,510	4,084,428	78%
Transfers & Debt	3,569,465	2,635,041	74%
<b>Total</b>	<b>78,895,214</b>	<b>53,786,505</b>	<b>68%</b>

Expenditure by Dept	Budget	YTD Actual	%
General Government	5,743,710	3,724,159	65%
City General	9,581,055	6,570,462	69%
Police	17,818,730	13,522,435	76%
Fire	11,218,440	8,604,463	77%
Marine Safety	2,381,080	1,764,203	74%
Comm. Development	6,325,214	3,950,420	62%
Public Works	20,548,745	12,120,393	59%
Beaches, Parks & Rec	5,278,240	3,529,970	67%
<b>Total</b>	<b>78,895,214</b>	<b>53,786,505</b>	<b>68%</b>

Expenditures at the third quarter of FY 2019-20 are \$53.8 million compared to prior year's \$50.9 million, which is an increase of \$2.9 million. Salary and benefit increases (\$1.0 million) include COLA and the additional \$400,000 pension liability payment. Contractual service increases (\$2.5 million) are mostly due to public safety contracts (\$1.5 million) and maintenance contracts (\$0.6 million). Capital outlay's increase (\$0.6 million) is due to the timing of the slurry seal program and other improvement projects. The decrease in transfers (\$1.7 million) is due to prior year one-time transfer to reserves.

City General department costs decreased from the prior year due to lower transfers to other funds and the reclassification of the Unfunded Public Safety PERS payment. The largest department increases were in Police, Fire, and Public Works. Police and Fire increases were \$2.6 million with \$1.0 million related to the CalPERS payment reclassification and the rest due to public safety contract and ambulance payments. Public Works increased by \$1.5 million due to increases in landscaping contract costs, utilities and capital outlay.

In total, 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	23,115,076	15,185,279	66%
Sewer Fund	10,801,881	6,825,702	63%
Golf Fund	2,223,107	1,685,208	76%
Storm Drain Fund	1,559,493	896,269	57%
Clean Ocean Fund	2,669,304	1,719,272	64%

Water fund revenue is up \$1.5 million from the prior year, due to higher water sales, including recycled water revenues. Sewer revenues increased \$232,000 from the prior year, which is due to an operating subsidy from depreciation reserves.

Golf Course revenue is at \$1.7 million, which is the same as last year. This year's golf revenues will be impacted by the temporary closure of the golf course. Storm Drain and Clean Ocean fees are fixed and do not change significantly from year to year.

**Expenses**

Expenses	Budget	YTD Actual	%
Water Fund	23,451,892	15,289,722	65%
Sewer Fund	11,058,350	7,944,144	72%
Golf Fund	2,318,500	1,674,481	72%
Storm Drain Fund	1,735,400	1,188,807	69%
Clean Ocean Fund	3,616,920	1,370,180	38%

Water expenses increased \$560,000 when compared to the prior year, due to electricity, maintenance, and depreciation costs. Sewer expenses increased \$350,000 from the prior year due to electricity, landfill, maintenance and depreciation costs. Golf expenses increased by about \$103,000 from the prior year with increases in electricity, water and merchant fees.

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

**Working Capital**

Working Capital	Budget	YTD Actual
Water Fund	2,234,925	3,195,923
Sewer Fund	-417,001	-944,519
Golf Fund	-119,148	143,592
Storm Drain Fund	264,444	218,908
Clean Ocean Fund	1,140,195	2,833,408

Working capital levels are adequate in all Enterprise Funds except the Sewer Fund and the Golf Fund.

The Sewer fund negative working capital balances is being addresses through transfers from depreciation while the Cost-of-Service study is being completed. The Golf Fund has improved to a positive position currently, however the Golf Operating Fund is still budgeted to end with a small negative balance. Depreciation reserves are available if needed while golf fees are currently under review.

**ADDITIONAL INFORMATION**

General Fund comparative information for the prior year at March 31<sup>st</sup> is provided in Table 1 (see attachment).

➤ **Budget Workshop/Public Hearing:**

The Budget Workshop is being present in May 2020.



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Caution. Unsettled Indicator;



Problem. Negative Indicator

Table 1

**General Fund Revenues - By Category**  
**Month Ending March 31, 2020**

	FY 2019 Budget	FY 2019 Actual	% of Budget	FY 2020 Budget	FY 2020 Actual	% of Budget
Property Tax	\$ 34,109,000	\$ 21,002,998	62%	\$ 35,635,200	\$ 22,056,027	62%
Sales Tax	\$ 10,152,000	\$ 6,414,542	63%	\$ 10,127,000	\$ 6,265,992	62%
Transient Occ. Tax	\$ 2,600,000	\$ 1,647,768	63%	\$ 2,650,000	\$ 1,648,853	62%
Other Taxes	\$ 3,500,000	\$ 1,712,880	49%	\$ 3,536,000	\$ 1,658,054	47%
Permits and Fees	\$ 1,635,040	\$ 1,283,363	78%	\$ 1,614,200	\$ 1,221,711	76%
Intergovernmental	\$ 2,744,400	\$ 1,613,632	59%	\$ 1,838,500	\$ 814,035	44%
Service Charges	\$ 5,575,390	\$ 4,638,592	83%	\$ 5,447,810	\$ 4,742,365	87%
Fines	\$ 730,230	\$ 411,356	56%	\$ 730,230	\$ 267,592	37%
Interest & Rents	\$ 3,171,480	\$ 2,274,802	72%	\$ 3,616,640	\$ 2,305,120	64%
Interfund Transfers	\$ 5,460,402	\$ 2,418,473	44%	\$ 4,078,960	\$ 2,677,307	66%
<b>Gen. Fund Total</b>	<b>\$ 69,677,942</b>	<b>\$ 43,418,406</b>	<b>62%</b>	<b>\$ 69,274,540</b>	<b>\$ 43,657,056</b>	<b>63%</b>

**General Fund Expenditures - By Category**

	FY 2019 Budget	FY 2019 Actual	% of Budget	FY 2020 Budget	FY 2020 Actual	% of Budget
Salaries	\$ 13,067,550	\$ 8,821,387	68%	\$ 13,554,620	\$ 9,179,104	68%
Benefits	\$ 5,592,990	\$ 4,232,216	76%	\$ 6,415,280	\$ 4,885,470	76%
Supplies	\$ 1,162,600	\$ 609,537	52%	\$ 1,162,990	\$ 677,757	58%
Contractual Services	\$ 37,812,677	\$ 25,907,069	69%	\$ 40,294,514	\$ 28,415,910	71%
Other Charges	\$ 1,262,977	\$ 927,503	73%	\$ 1,485,830	\$ 976,597	66%
Capital Outlay	\$ 8,933,434	\$ 2,339,505	26%	\$ 7,162,005	\$ 2,932,198	41%
Inter Dept Charges	\$ 4,930,310	\$ 3,792,375	77%	\$ 5,250,510	\$ 4,084,428	78%
Interfund Transfers & Debt	\$ 5,550,630	\$ 4,296,705	77%	\$ 3,569,465	\$ 2,635,041	74%
<b>Gen. Fund Total</b>	<b>\$ 78,313,168</b>	<b>\$ 50,926,297</b>	<b>65%</b>	<b>\$ 78,895,214</b>	<b>\$ 53,786,505</b>	<b>68%</b>

**General Fund Expenditures - By Department**

	FY 2019 Budget	FY 2019 Actual	% of Budget	FY 2020 Budget	FY 2020 Actual	% of Budget
General Government	\$ 5,384,130	\$ 3,683,246	68%	\$ 5,743,710	\$ 3,724,159	65%
City General	\$ 13,594,444	\$ 8,661,451	64%	\$ 9,581,055	\$ 6,570,462	69%
Police	\$ 16,028,160	\$ 11,920,072	74%	\$ 17,818,730	\$ 13,522,435	76%
Fire	\$ 10,138,270	\$ 7,564,870	75%	\$ 11,218,440	\$ 8,604,463	77%
Marine Safety	\$ 1,881,130	\$ 1,285,516	68%	\$ 2,381,080	\$ 1,764,203	74%
Comm. Development	\$ 5,952,820	\$ 3,764,542	63%	\$ 6,325,214	\$ 3,950,420	62%
Public Works	\$ 20,328,397	\$ 10,611,224	52%	\$ 20,548,745	\$ 12,120,393	59%
Beaches, Pks & Rec	\$ 5,005,817	\$ 3,435,376	69%	\$ 5,278,240	\$ 3,529,970	67%
<b>Gen. Fund Total</b>	<b>\$ 78,313,168</b>	<b>\$ 50,926,297</b>	<b>65%</b>	<b>\$ 78,895,214</b>	<b>\$ 53,786,505</b>	<b>68%</b>