



April – June 2021

CURRENT FINANCIAL CONDITION

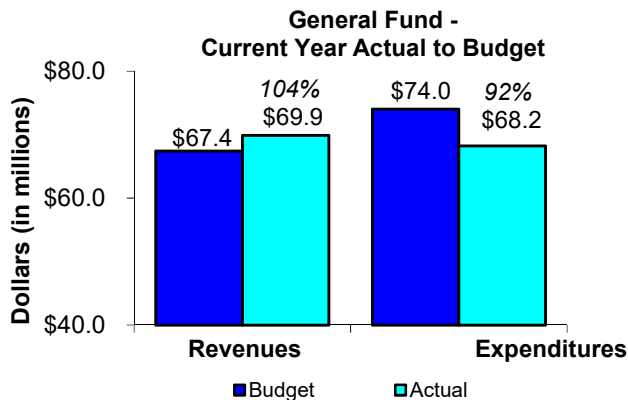
In FY 2020-21, the City's budgeted to maintain a small positive operating position for the fiscal year. At the end of the year due to higher sales tax, the lessening of restrictions allowed the City to exceed the revenue budget which was lowered at mid-year as a result of ongoing restrictions. Expenditures decreased from the prior year as service impacts reductions were realized based on state restrictions. Overall, revenues exceeded expenditures during the year.

GENERAL FUND

General Fund revenues through the fourth quarter total \$70.2 million, or 104% of the \$67.4 million annual budget. General Fund revenue is \$2.7 million higher than the end of last year.

General Fund expenditures total \$68.2 million for the fourth quarter, or 92% of the \$74.0 million annual budget, as compared to \$71.5 million at this time last year. In total, expenditures ended the quarter \$3.3 million lower 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	37,149,510	38,051,436	102%
Sales Tax	10,248,000	12,101,085	118%
Transient Occ. Tax	2,195,000	2,306,752	105%
Other Taxes	3,491,000	3,528,465	101%
Permits & Fees	1,302,940	1,424,419	109%
Intergovernmental	1,496,400	743,436	50%
Service Charges	4,761,430	5,654,583	119%
Fines	453,640	347,142	77%
Interest, Rents, Other	2,723,630	2,058,299	76%
Interfund Transfers	3,606,600	3,670,815	110%
	67,428,150	69,886,432	104%

➤ **Property Taxes:** Property taxes total \$38.1 million, primarily from secured taxes. The amount is \$2.1 million higher than in the prior year due the strong housing market and transfer taxes based on higher sales.

➤ **Sales Tax:** Sales tax receipts amount to \$12.1 million, compared to \$10.0 million from the prior year. The increase is due to higher activity levels as business and activities adjusted after the shutdown. Additionally, revenues from the *Wayfair* decision contributed.

➤ **Transient Occupancy Taxes (TOT):** Transient occupancy taxes total \$2.3 million, \$144,192 higher than last year, as travel restrictions were lowered, especially towards the summer months at year end.

➤ **Other Taxes:** Other taxes, consisting mostly of franchise fees and business licenses, total \$3.5 million, \$108,623 lower than in the prior year due partially to a variety of the franchise fees.

➤ **Permits & Fees:** Permits and fees are \$1.4 million. This is \$65,631 less than in the prior year, due to a decrease in construction permits, however this rebounded towards the end of the fiscal year exceeding the budgeted amount.

➤ **Intergovernmental:** Intergovernmental, which derives mainly from grant revenues was lower based on one-time grant receipts in the prior year for capital projects and other county receipts.

➤ **Service Charges:** Service charges, from general government, public safety, parking meter and recreation, amount to \$5.7 million, exceeding the budget which was lowered at mid-year in anticipation of restrictions through the end of the year. However, restrictions were eased before the year end which increased recreation revenues and with ambulance and parking meters exceeding last years actual amounts exceeded budget in the current year.

➤ **Fines:** Revenues from fines total \$347,142, which was slightly lower than the previous year and lower than budget. This is due a variety of categories including parking violations and vehicle code fines.

➤ **Interest, Rents & Other:** Interest, rents and other reimbursements total \$2.1 million, about \$1.4 million lower than the prior year, due to lower rentals and concessions due to restrictions during the COVID pandemic and market value adjustments on the investment portfolio.



Good. Positive Indicator;



Caution. Unsettled Indicator;



Problem. Negative Indicator

GENERAL FUND EXPENDITURES



Expenditure by Type	Budget	YTD Actual	%
Salaries	12,196,285	11,993,453	98%
Benefits	6,119,450	5,879,657	96%
Supplies	1,127,470	937,670	83%
Contractual Services	40,449,375	37,118,209	92%
Other Charges	1,096,330	980,643	89%
Capital Outlay	4,486,260	2,441,650	54%
Interdepartmental	5,012,390	5,215,215	104%
Transfers & Debt	3,603,210	3,668,637	102%
Total	74,090,770	68,235,134	92%

Expenditure by Dept	Budget	YTD Actual	%
General Government	5,060,630	4,624,791	91%
City General	6,895,030	6,628,251	96%
Police	18,556,470	17,101,123	92%
Fire	12,049,000	12,052,309	100%
Marine Safety	1,878,740	1,802,028	96%
Comm. Development	6,786,340	5,873,425	87%
Public Works	18,191,450	15,957,541	88%
Beaches, Parks & Rec	4,673,110	4,195,666	90%
Total	74,090,770	68,235,134	92%

FY 2020-21 expenditures are \$68.2 million compared to prior year's \$71.5 million, which is a decrease of \$3.3 million with reductions in most categories due to lower activity levels occurring throughout the year as a result of pandemic restrictions in place for most of the FY.

Most departments showed decreases from the prior year, with the exception of Fire and Community Development departments. Fire increased by \$713,800 due to OCFA contract increases and ambulance contract increases. Community development increased from the prior year due to the addition of \$148,327 for the park ranger program costs.

Other departments saw decreases, including general government, city general, police, marine safety, public works, and beaches, parks and recreation. These lower costs were due to a variety of reasons, including staff attrition, vacancies maintained, and lower activity levels. Contractual costs were lower due to vacancies under the police contract, and lower activity levels in various areas due to the pandemic. Other charges decreased from lower contract class instructors cost related to the COVID-19 pandemic restrictions. Capital outlay was lower due to vacancies and a reduction to the number of capital projects put forward to control costs.

In total, costs are under the budget by \$6.1 million, however encumbrances of \$4.2 million will be carried forward to address various items in process including capital projects, one-time projects, and outstanding commitments.

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	24,218,806	25,852,347	107%
Sewer Fund	11,475,728	10,754,230	94%
Golf Fund	2,300,962	2,686,513	117%
Storm Drain Fund	1,560,469	1,528,411	98%
Clean Ocean Fund	2,216,942	155,968	7%

Water fund revenue is up \$1.8 million from the prior year, due to higher water sales which includes recycled water revenues. Sewer revenues decreased \$0.7 million from the prior year, which is due lower commodity fees, interest and miscellaneous reimbursements.

Golf Course revenue is at \$3.1 million, which is up by \$0.6 million from the prior year. Clean Ocean fees decreased significantly due to the timing of fee renewal.

Expenses

Expenses	Budget	YTD Actual	%
Water Fund	23,928,390	23,868,765	100%
Sewer Fund	11,172,840	10,800,337	97%
Golf Fund	2,401,440	2,242,151	93%
Storm Drain Fund	1,744,450	1,608,696	92%
Clean Ocean Fund	3,352,210	2,688,978	80%

Water expenses increased \$1.1 million when compared to the prior year, mainly due to an increase in purchased water costs and other charges. Sewer expenses decreased \$0.1 million from the prior year due to decreases in salaries and benefits and purchased water.

Golf expenses and Storm Drain expenses were essentially flat when compared to the previous year. Clean Ocean expenses increased by \$0.3 million in FY 2021 due to transfers to the improvement fund.

Working Capital

Working Capital	Budget	YTD Actual
Water Fund	5,280,251	6,973,991
Sewer Fund	-176,808	-525,804
Golf Fund	-279,215	265,625
Storm Drain Fund	300,119	403,815
Clean Ocean Fund	2,649,312	1,251,570

Working capital levels are adequate in all Enterprise Funds except the Sewer Fund. The Sewer fund negative working capital balances is requiring transfers from depreciation reserves to fund operational costs while a Cost-of-Service study is being completed. The Golf Fund just changed from negative working capital to positive working capital and will start repaying loans to the Golf Depreciation and Improvement reserves.

ADDITIONAL INFORMATION

General Fund comparative information is provided in Table 1 (see attachment).



Good. Positive Indicator;



Caution. Unsettled Indicator;



Problem. Negative Indicator

Table 1

General Fund Revenues - By Category
Month Ending June 30, 2021

	FY 2020 Budget	FY 2020 Actual	% of Budget	FY 2021 Budget	FY 2021 Actual	% of Budget
Property Tax	\$ 35,635,200	\$ 35,957,397	101%	\$ 37,149,510	\$ 38,051,436	102%
Sales Tax	\$ 10,127,000	\$ 10,041,359	99%	\$ 10,248,000	\$ 12,101,085	118%
Transient Occ. Tax	\$ 2,650,000	\$ 2,162,560	82%	\$ 2,195,000	\$ 2,306,752	105%
Other Taxes	\$ 3,536,000	\$ 3,637,088	103%	\$ 3,491,000	\$ 3,528,465	101%
Permits and Fees	\$ 1,614,200	\$ 1,490,050	92%	\$ 1,302,940	\$ 1,424,419	109%
Intergovernmental	\$ 1,884,500	\$ 1,016,143	54%	\$ 1,496,400	\$ 743,436	50%
Service Charges	\$ 5,447,810	\$ 5,185,543	95%	\$ 4,761,430	\$ 5,654,583	119%
Fines	\$ 730,230	\$ 368,221	50%	\$ 453,640	\$ 347,142	77%
Interest & Rents	\$ 3,616,640	\$ 3,418,220	95%	\$ 2,723,630	\$ 2,058,299	76%
Interfund Transfers	\$ 4,078,960	\$ 3,944,402	97%	\$ 3,606,600	\$ 3,670,815	102%
Gen. Fund Total	\$ 69,320,540	\$ 67,220,983	97%	\$ 67,428,150	\$ 69,886,432	104%

General Fund Expenditures - By Category

	FY 2020 Budget	FY 2020 Actual	% of Budget	FY 2021 Budget	FY 2021 Actual	% of Budget
Salaries	\$ 13,524,620	\$ 12,465,092	92%	\$ 12,196,285	\$ 11,993,453	98%
Benefits	\$ 6,415,280	\$ 6,076,373	95%	\$ 6,119,450	\$ 5,879,657	96%
Supplies	\$ 1,152,865	\$ 948,262	82%	\$ 1,127,470	\$ 937,670	83%
Contractual Services	\$ 40,454,659	\$ 38,263,504	95%	\$ 40,449,375	\$ 37,118,209	92%
Other Charges	\$ 1,491,410	\$ 1,113,613	75%	\$ 1,096,330	\$ 980,643	89%
Capital Outlay	\$ 7,247,005	\$ 3,563,202	49%	\$ 4,486,260	\$ 2,441,650	54%
Inter Dept Charges	\$ 5,250,510	\$ 5,448,449	104%	\$ 5,012,390	\$ 5,215,215	104%
Interfund Transfers & Debt	\$ 3,819,465	\$ 3,657,057	96%	\$ 3,603,210	\$ 3,668,637	102%
Gen. Fund Total	\$ 79,355,814	\$ 71,535,552	90%	\$ 74,090,770	\$ 68,235,134	92%

General Fund Expenditures - By Department

	FY 2020 Budget	FY 2020 Actual	% of Budget	FY 2021 Budget	FY 2021 Actual	% of Budget
General Government	\$ 5,743,710	\$ 4,814,886	84%	\$ 5,060,630	\$ 4,624,791	91%
City General	\$ 9,831,055	\$ 9,269,862	94%	\$ 6,895,030	\$ 6,628,251	96%
Police	\$ 17,818,730	\$ 17,433,343	98%	\$ 18,556,470	\$ 17,101,123	92%
Fire	\$ 11,218,440	\$ 11,338,546	101%	\$ 12,049,000	\$ 12,052,309	100%
Marine Safety	\$ 2,381,080	\$ 2,280,892	96%	\$ 1,878,740	\$ 1,802,028	96%
Comm. Development	\$ 6,535,814	\$ 5,556,042	85%	\$ 6,786,340	\$ 5,873,425	87%
Public Works	\$ 20,548,745	\$ 16,358,860	80%	\$ 18,191,450	\$ 15,957,541	88%
Beaches, Pks & Rec	\$ 5,278,240	\$ 4,483,121	85%	\$ 4,673,110	\$ 4,195,666	90%
Gen. Fund Total	\$ 79,355,814	\$ 71,535,552	90%	\$ 74,090,770	\$ 68,235,134	92%