



CITY OF ESCONDIDO

SECOND QUARTER FINANCIAL REPORT

December 31, 2015

OVERVIEW

This report summarizes the City's overall financial position for the period of July 1, 2015 through December 31, 2015. While the focus of this report is the General Fund, the financial status of the Community Services Fund, the Water and Wastewater Funds, and the Reidy Creek Municipal Golf Course are included. This report is for internal use only. The figures presented here are unaudited and have not been prepared in accordance with Generally Accepted Accounting principles (GAAP).

The revenue projections and budget include adjustments for encumbrances, carryovers, and any other supplemental appropriations approved by the City Council as of December 31, 2015.

GENERAL FUND

At the end of the second quarter, General Fund revenues are at 27.8% of the amended budget, while expenditures are at 48%. Based on past history of revenue receipts and payment of expenditures, it appears that actual General Fund revenues through December are projected to be over budget by about \$889,000 and actual expenditures through December are projected to be over budget by about \$757,000; the General Fund is projected to break-even at year end.

*General Fund
Comparison of Projected Budget to Actuals
As of December 31, 2015*

	ANNUAL AMENDED BUDGET	PROJECTED BUDGET as of 12/31/15	ACTUAL as of 12/31/15
Total Revenue	\$89,224,910	\$23,956,000	\$24,844,750
Total Expenditures	\$90,971,575	\$42,886,100	\$43,642,706
Other Sources (Uses) – Note 1	\$1,357,325	\$1,357,325	\$1,357,325
Total Sources over (Uses) – Note 2	(\$389,340)		
Reserve Balance			\$16,892,319

Note 1: Total Sources (Uses) include transfers in and advances from other funds less transfers out and advance repayments.

Note 2: Council approved the use of General Fund Reserves during the year-end report to Council on October 28, 2015.

General Fund Revenue: General Fund total revenue was up 4.8% compared to the second quarter of fiscal year 2014/15 or about \$1.1 million. The largest gains are in sales tax, property tax and one-time revenue. Details of these changes are outlined below.

	Amended Budget	FY 2015/16 Actual	FY 2014/15 Actual
General Fund Revenue			
Sales Tax	\$ 37,574,015	\$ 9,179,338	\$ 8,550,276
Property Tax	23,460,000	4,600,495	4,410,179
Other Taxes	12,020,000	3,265,340	3,292,404
Intergovernmental	3,007,000	1,167,984	1,212,313
Permits & Fees	761,000	424,365	470,499
Fines & Forfeitures	1,168,000	574,347	476,340
Charges for Services	7,513,000	3,627,410	3,742,476
Investment & Property	3,337,000	994,660	1,048,555
Other Revenue	384,895	217,846	251,292
One-Time Revenue		792,965	304,281
Total	\$ 89,224,910	\$ 24,844,750	\$ 23,758,615

Sales Tax: Sales Tax revenues were \$629,000 higher than the previous year and only slightly under projections by about \$25,000. The sales tax revenue increase over the prior year of about 7.3% is mainly due to growth in sales tax collected on new auto sales of 8% and building materials wholesale of 22.9%.

Property Tax: Property Tax revenues are up about 4% or about \$190,000 compared to the second quarter of the prior year. This is due to improvements in the residential real estate market and a positive California Consumer Price Index (CCPI) factor of 1.9%.

Other Taxes: Other Taxes are down about \$27,000 compared to the prior year. This decrease is mainly from a decrease in the in-lieu payment received from SDG&E and is attributed to a decrease in natural gas prices. This amount is offset by an increase in revenue received from the transient occupancy tax which is up about 12.8% over last year.

One-Time Revenue: The City received one-time revenue of about \$793,000 during the first half of FY 2015/16. Of this amount about \$489,000 was for fire mutual aid received for the Fire Department's strike team response to fires around the state which will also have corresponding increases to the Fire Department's expenditures. In addition we received about \$284,000 from the State for payment of outstanding mandated cost claims.

General Fund Expenditures: General Fund total expenditures are up 5% compared to the prior fiscal year or about \$2.1 million. The significant reasons for this change include increases to salaries, PERS expenses, utilities, General Liability Insurance Internal Service Charges, and Property Insurance Internal Service Charges. The amount expended to date is approximately 48% of the total amount budgeted for the year.

General Fund Expenditures	Amended Budget	FY 2015/16 Actual	FY 2014/15 Actual
General Government	\$ 5,710,040	\$ 2,635,727	\$ 2,500,934
Community Services	4,710,835	2,076,452	2,267,621
Community Development	3,656,505	1,739,883	1,565,082
Public Works	11,540,490	5,443,600	4,616,870
Public Safety	61,860,710	30,015,282	29,000,971
Other Expenditures	3,492,995	1,731,762	1,632,130
Total	\$ 90,971,575	\$43,642,706	\$ 41,583,608

COMMUNITY SERVICES FUND

The Community Services Fund overall revenues are in line with the prior year’s revenues at the second quarter. And expenditures are about 7% lower than the prior year at this time. The Community Services Fund budget for FY 2015/16 was balanced by using \$93,600 of fund balance. After looking at projected revenues and expenditures, the Fund will likely end the year without having to use fund balance and may not need all of the General Fund transfer.

Community Services Fund	Annual Budget	FY 15/16 Actual	FY 14/15 Actual
Revenues	3,395,420	1,167,496	1,184,289
Expenditures	3,712,120	1,600,288	1,697,212
Other Sources (Uses)	223,100	223,100	217,897
Net Income (Loss)	(93,600)	(209,692)	(295,026)

REIDY CREEK GOLF COURSE FUND

Reidy Creek Golf Course Fund revenues are up about 11% compared to the prior year and at 85% of budgeted amounts. Expenditures are about 6% higher than the prior year, but are in line with budgeted amounts. Based on this trend the Fund is projected to end the year with a similar loss as last fiscal year; which is projected to be approximately \$120,000.

Reidy Creek Golf Course	Annual Budget	FY 15/16 Actual	FY 14/15 Actual
Revenues	663,890	263,935	236,984
Expenditures	663,890	336,002	316,458
Other Sources (Uses)		131,000	60,000
Net Income (Loss)	-	58,933	(19,474)

ENTERPRISE FUNDS

Water Fund: The Water Fund operating revenue decreased by \$5.1 million or 16.6% over the prior year. The decrease is due to less consumption as a result of customer water conservation. Operating expenses decreased by \$1.6 million or 7.3% compared to the prior year, these decreased costs were from purchased water and chemicals.

Water Fund	Annual Budget	FY 2015/16 Actual	FY 2014/15 Actual
Operating Revenues	60,544,000	25,771,917	30,916,285
Operating Expenses	(52,956,765)	(20,062,666)	(21,643,331)
Nonoperating Rev (Exp)	(816,820)	(10,121)	53,258
Transfer to Capital			
Projects and Debt Srvc	(6,780,280)	(6,070,518)	(12,209,036)
Total Sources over Uses	(9,865)	(371,388)	(2,882,824)

Beginning in fiscal year 2014/15, both the Water and Wastewater funds have set up an Operating, Debt and Capital Reserve that will be used to ensure that both funds have adequate cash reserves to meet operating, capital and debt service requirements. The monies in this reserve can be used to meet emergency cash flow requirements, fund future capital projects and provide protection from default on annual debt service payments.

Wastewater Fund: Operating revenue was up \$2 million over the prior year. The majority of the increase, \$1.1 million, was due to back billing Sempra Energy for recycled water usage and \$700,000 is a back payment from Metropolitan Water District for recycled water incentives. Operating expenditures increased by \$2.1 million due to increases in staffing costs, chemicals, gas and electric costs and repairs to the plant.

Wastewater Fund	Annual Budget	FY 2015/16 Actual	FY 2014/15 Actual
Operating Revenues	29,605,000	17,397,293	15,406,569
Operating Expenses	(21,842,440)	(11,105,235)	(8,980,382)
Nonoperating Rev (Exp)	(2,132,350)	(262,446)	(296,823)
Transfer to Capital			
Projects and Debt Srvc	(8,275,750)	(16,744,323)	(7,058,661)
Total Sources over Uses	(2,645,540)	(10,714,711)	(929,297)

FOR MORE INFORMATION

This summary report is based on detailed information generated by the City’s finance department. If you have any questions or would like additional information on this report, please contact the finance department at (760) 839-4676 or visit www.escondido.org.