



# CITY OF ESCONDIDO

## FOURTH QUARTER FINANCIAL REPORT

### June 30, 2016

#### OVERVIEW

This report summarizes the City's overall financial position for the period of July 1, 2015 through June 30, 2016. 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 June 30, 2016.

#### GENERAL FUND

The General Fund ended fiscal year 2015/16 with net sources over uses of about \$2 million. These results were achieved because actual operating expenditures were under budget by about \$1.9 million and actual operating revenues were over budget by about \$100,000.

**General Fund Revenue:** General Fund total revenue was up 5% compared to the prior year or about \$4.4 million if you exclude one-time revenue. The City received one-time revenue from fire mutual aid of about \$614,000, an additional \$2 million was received in sales tax due to the end of the Triple Flip, and \$387,000 was received from the State for payment of outstanding mandated cost claims. Details of the General Fund revenue sources are outlined below.

General Fund Revenue	Amended Budget	FY 2015/16 Actual	FY 2014/15 Actual
Sales Tax	\$ 35,650,000	\$ 35,580,717	\$ 33,604,138
Property Tax	23,264,000	23,249,072	22,117,837
Other Taxes	11,705,000	11,499,609	11,621,037
Intergovernmental	2,966,838	2,907,434	2,885,874
Permits & Fees	846,435	934,455	862,280
Fines & Forfeitures	1,335,000	1,347,167	1,157,264
Charges for Services	8,116,285	8,342,948	7,294,683
Investment & Property	3,688,220	3,711,349	3,606,507
One-Time Revenue	3,059,415	3,191,393	1,549,013
<b>Total with One-Time Revenue</b>	<b>90,631,193</b>	<b>90,764,144</b>	<b>84,698,633</b>
<b>Total excluding One Time Revenue</b>	<b>\$ 87,571,778</b>	<b>\$ 87,572,751</b>	<b>\$ 83,149,620</b>

**General Fund  
Comparison of Final Budget to Actuals  
As of June 30, 2016**

	FINAL BUDGET	ACTUAL
Total Revenue	\$90,631,193	\$90,764,144
Total Expenditures	\$91,910,228	\$89,899,532
Other Sources (Uses) Note 1	\$822,095	\$1,096,599
Total Sources over (Uses) Note 2	(\$456,940)	\$1,961,211
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.

**Sales Tax:** Sales Tax revenues were \$1.9 million higher than the previous year, or up about 6%, and were higher than projected fiscal year 2015/16 sales tax growth of 4%. This increase over the prior year is mainly due to growth in sales tax collected on new auto sales, building materials, and restaurants. These gains were offset by declines in sales tax collected from service stations and food markets.

**Property Tax:** Property Tax revenues are up about 5% or about \$1.1 million compared to the prior year. This is because assessed value growth for Escondido in fiscal year 2015/16 was up 4.8% compared to the prior year.

**Other Taxes:** Other Taxes are down about \$121,000 compared to the prior year. This decrease is mainly from a decrease in the in-lieu franchise fee payment received from SDG&E due 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%.

**Intergovernmental:** Intergovernmental revenue includes the Rincon fire services agreement, state mandated costs claims and various grants and was up only slightly compared to the prior year.

**Fines and Forfeitures:** Fines and forfeitures are up about \$190,000 or 16% compared to the prior year, with the majority of this increase coming from increased collection of code enforcement citations.

**Charges for Services:** Charges for Services have increased over the prior year by about \$1 million. This increase is due to increased development activity in the City, which has resulted in increased revenue from engineering and planning fees. In addition, paramedic revenue is up about 10% due to increased paramedic transports.

**General Fund Expenditures:** General Fund total expenditures are up 4% compared to the prior fiscal year or about \$3.4 million but were under budget by about \$1.9 million. The significant reasons for this increase over the prior year include increases to salaries, PERS expenses, utilities, general liability insurance, and property insurance.

General Fund Expenditures	Amended Budget	FY 2015/16 Actual	FY 2014/15 Actual
General Government	\$ 6,169,930	\$ 5,828,914	\$ 5,445,604
Community Services	4,773,178	4,357,854	4,340,788
Community Development	3,851,065	3,534,885	3,271,854
Public Works	11,606,945	11,100,365	10,465,632
Public Safety	62,890,865	62,535,313	60,454,201
Other Expenditures	2,618,245	2,542,201	2,495,784
<b>Total</b>	<b>\$ 91,910,228</b>	<b>\$89,899,532</b>	<b>\$ 86,473,863</b>

**COMMUNITY SERVICES FUND**

The Community Services Fund overall revenues were down about 4% in comparison to the prior year, but only 2.6% under budget. Expenditures were about 2% lower than the prior and 7.5% under budget. The Community Services Fund budget for FY 2015/16 anticipated needing the transfer from the general fund and using \$112,165 of fund balance to balance their budget. With their expenditures coming in under budget for the fiscal year, the fund did not have to use fund balance and with the transfer from the general fund ended the year with net sources over uses of \$80,095, leaving an ending fund balance of \$186,476.

Community Services Fund	Annual Budget	FY 15/16 Actual	FY 14/15 Actual
Revenues	3,400,420	3,311,509	3,458,486
Expenditures	3,735,685	3,454,514	3,540,375
Other Sources (Uses)	223,100	223,100	217,897
<b>Total Sources Over Uses</b>	<b>(112,165)</b>	<b>80,095</b>	<b>136,008</b>

**REIDY CREEK GOLF COURSE FUND**

The Reidy Creek Golf Course Fund ended the year with an operating loss of \$121,597. This is a slight improvement from the \$131,000 loss in the prior year. With the number of golfers nationwide decreasing annually JC Resorts is continually working on marketing techniques and ideas to improve revenues on an ongoing basis. In May 2016, the course had a grand opening for the new sport footgolf, and has seen increased revenue coming in from that over the last few months. A transfer of \$122,000 is being requested to cover the year's losses.

Reidy Creek Golf Course	Annual Budget	FY 15/16 Actual	FY 14/15 Actual
Revenues	663,890	545,664	496,461
Expenditures	663,890	667,261	627,320
<b>Total Operating Loss</b>		<b>(121,597)</b>	<b>(130,859)</b>
Other Sources (Uses)		167,000	60,000
Equipment Purchase		(35,085)	
<b>Total Sources Over (Under) Uses</b>		<b>10,318</b>	<b>(70,859)</b>

**ENTERPRISE FUNDS**

**Water Fund:** The Water Fund operating revenue decreased by \$4.4 million or 8.2% from the prior year. The decrease is due to less consumption as a result of customer water conservation. Operating expenses decreased by \$2.0 million or 4.4% compared to the prior year; these decreased costs were primarily from purchased water.

Water Fund	Annual Budget	FY 2015/16 Actual	FY 2014/15 Actual
Operating Revenues	61,444,000	49,105,084	53,511,315
Operating Expenses	(53,968,250)	(44,865,148)	(45,173,635)
Operating Income	7,475,750	4,239,936	8,337,680
Nonoperating Rev (Exp)	(588,020)	707,800	1,070,251
Transfer to Capital			
Projects and Debt Srvc	(9,975,780)	(9,926,843)	(14,092,668)
<b>Total Sources over Uses</b>	<b>(3,088,050)</b>	<b>(4,979,107)</b>	<b>(4,684,737)</b>

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 \$2.6 million over the prior year. The increase consists of \$1.1 million due to back billing Sempra Energy for recycled water usage, \$700,000 is a back payment from Metropolitan Water District for recycled water incentives, and \$800,000 due to

rate increases. Operating expenditures increased by \$3.2 million due to increases in staffing costs, chemicals, professional fees, gas and electric costs and repairs to the plant.

Wastewater Fund	Annual Budget	FY 2015/16 Actual	FY 2014/15 Actual
Operating Revenues	31,088,200	33,594,078	31,028,972
Operating Expenses	(22,996,160)	(22,944,190)	(19,728,268)
Operating Income	8,092,040	10,649,888	11,300,704
Nonoperating Rev (Exp)	(1,031,225)	(954,330)	(115,904)
Transfer to Capital Projects and Debt Srvc	(24,758,552)	(24,220,472)	(13,981,576)
Total Sources over Uses	(17,697,737)	(14,524,914)	(2,796,776)

#### 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](http://www.escondido.org).