

OC LAFCO - Fiscal Trend Analysis

Entity: Costa Mesa

Source: Comprehensive Annual Financial Statement

Report Generation: June 2013 11:16:08 AM

Governmental Activities

Sales Tax

Formula:

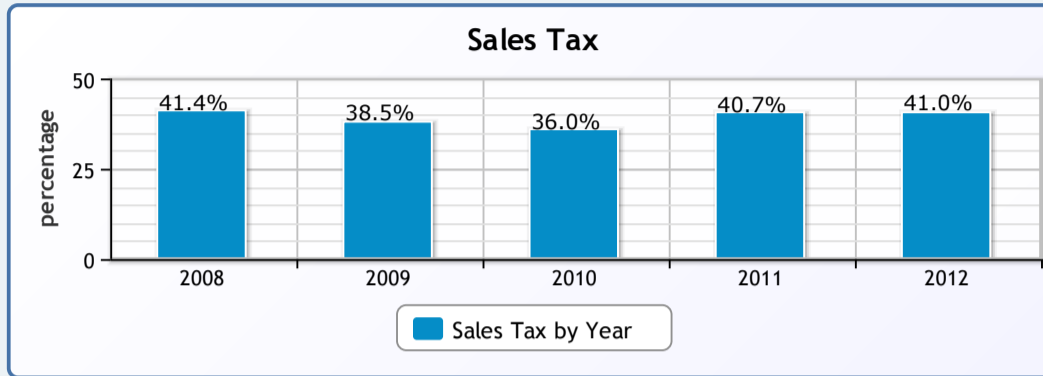
Sales tax / operating revenue.

Trend Analysis:

Monitor the level of sales tax revenue as a percentage of operating revenue.

Source:

Cities: Statement of Activities (Sales tax) and Statement of Revenues, Expenditures, and Changes in Fund Balance (operating revenues) Special Districts: NA



Description:

This indicator can help agencies determine the levels of sales tax revenue that are more sensitive to changes in the economic conditions, possibly impacting their abilities to fund and provide services. If the revenue base relies heavily on sales tax revenue, the agency may want to explore opportunities for increasing more stable revenue sources to offset the possible shortfalls in sales tax ...

[more](#)

No Agency Comment

Property Tax

Formula:

Cities: $\text{property tax revenue} / \text{operating revenue}$. Special Districts: $\text{property tax revenue} / \text{total revenue}$

Trend Analysis:

Monitor the level of property taxes as a percentage of operating or total revenue.

Source:

Cities: Statement of Activities (property taxes) and Statement of Revenues, Expenditures and Changes in Fund Balance (operating revenues) Special Districts: Statement of Revenues, Expenses and Changes in Net Assets



Description:

This indicator will have more importance for those agencies heavily reliant upon property tax revenues. As this revenue source is relatively stable and lags about two years behind changes in market conditions, this indicator can potentially depict the level of stability of an agency's revenue base. Property taxes are distributed based on the fiscal year and the years indicated in the chart ar...

[more](#)

No Agency Comment

General Fund Revenue

Formula:

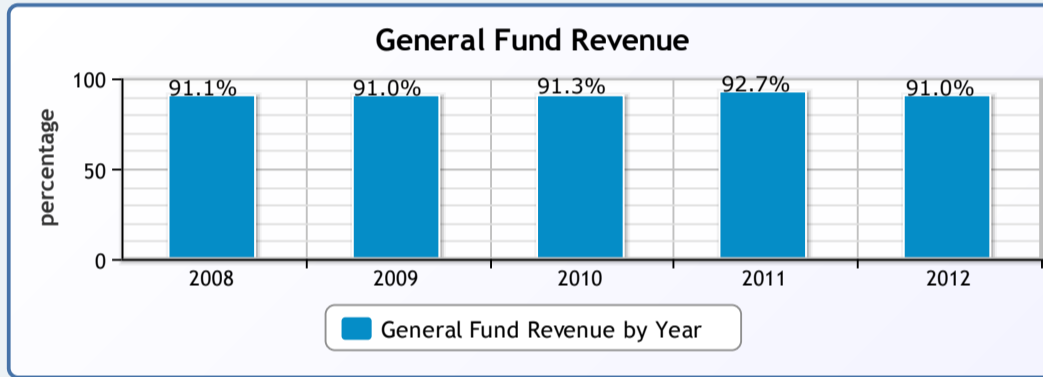
Cities: $\text{general fund revenue} / \text{operating revenue}$ Special districts: $\text{operating revenue} / \text{total revenue}$

Trend Analysis:

Cities: Monitor the level of general fund as a percentage of operating revenue. Special Districts: Monitor the level of operating revenue as a percentage of total revenue.

Source:

Cities: Statement of Revenues, Expenditures and Changes in Fund Balances Special Districts: Statement of Revenues, Expenses and Changes in Net Assets



Description:

In most cases, as the percentage of general revenues decreases, a local government loses its ability to respond to changing conditions and to citizens' needs and demands. Decreases in general revenue may also indicate over-dependence on external revenues which are often restricted in nature and could signal future difficulty in maintaining service levels.

No Agency Comment

Changes In Fund Balance

Formula:

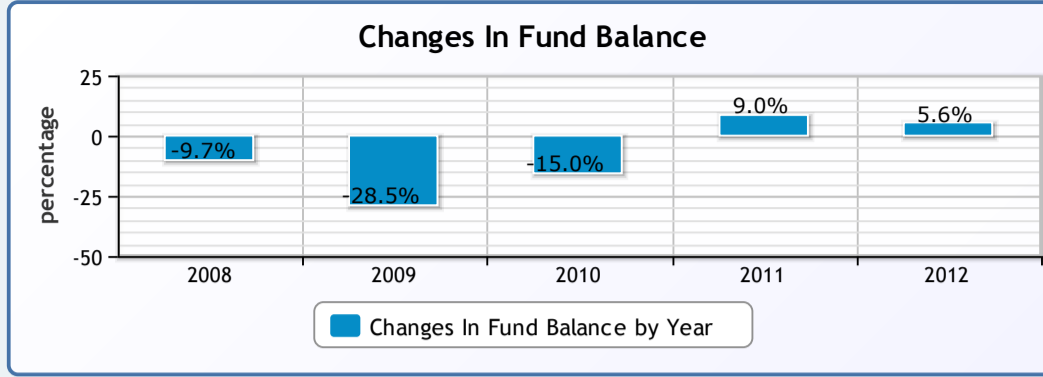
Cities: $\frac{\text{general fund operating deficit or surplus} / \text{general fund balance at the beginning of the year}}{\text{beginning of the year}}$
Special Districts: $\frac{\text{net change in fund balance} / \text{beginning fund balance}}$

Trend Analysis:

Monitor the level of general fund surplus and deficits over time.

Source:

Cities: Statement of Revenues, Expenses, and Changes in Fund Balances
Districts: Statements of Revenues, Expenses and Changes in Net Assets



Description:

This indicator is especially important because a pattern of operating deficits or decreases in surplus can be indicators of an imbalance between revenue structure and expenditures. It should be noted that it would not indicate a problem if the agency had planned the operating deficits and was deliberately drawing down fund balances or using extra revenues from another fund for temporary needs....

[more](#)

No Agency Comment

Debt Service

Formula:

Cities: $\frac{\text{debt payments} / \text{operating expenditures}}$
Special Districts: $\frac{\text{debt payments} / \text{total expenditures}}$

Trend Analysis:

Increases in debt service payments as they relate to operating expenditures may warrant closer analysis.

Source:

Cities: Statement of Revenues, Expenditures, and Changes in Fund Balance
Special Districts: Statement of Cash Flows (debt payments) and Statement of Revenues, Expenses and Changes in Net Assets (total revenues)



Description:

Debt service includes the amount of principal and interest that a local government pays each year as reported on the Statement of Cash Flows. Increasing debt service can reduce the flexibility to allocate funds to other expense needs.

No Agency Comment

Pension Payments

Formula:

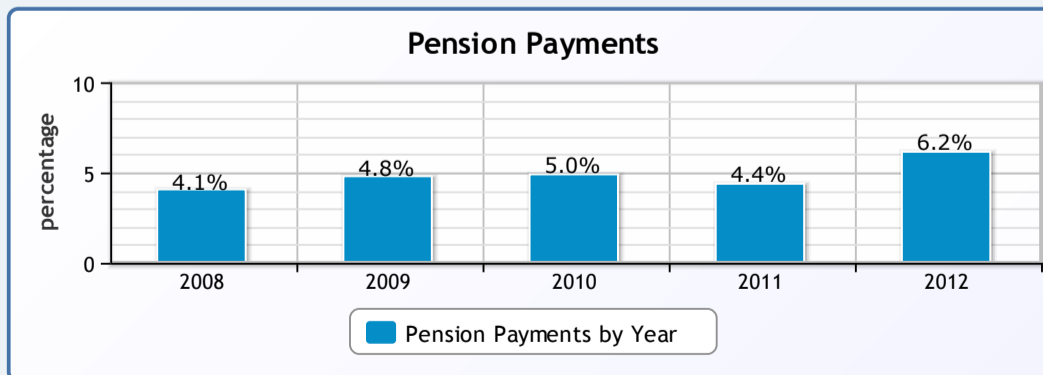
Cities: $\frac{\text{pension payments} / \text{operating revenue}}$
Special Districts: $\frac{\text{pension payments} / \text{total revenue}}$

Trend Analysis:

Cities: Monitor the level of pension payments as a percentage of operating revenue. Special Districts: Monitor the level of pension payments as a percentage of total revenue.

Source:

Notes to Financial Statements



Description:

This indicator depicts the relationship between the pension payments as a percentage of an agency's revenues.

Other Post-Employment Benefits (OPEB) Funding

Formula:

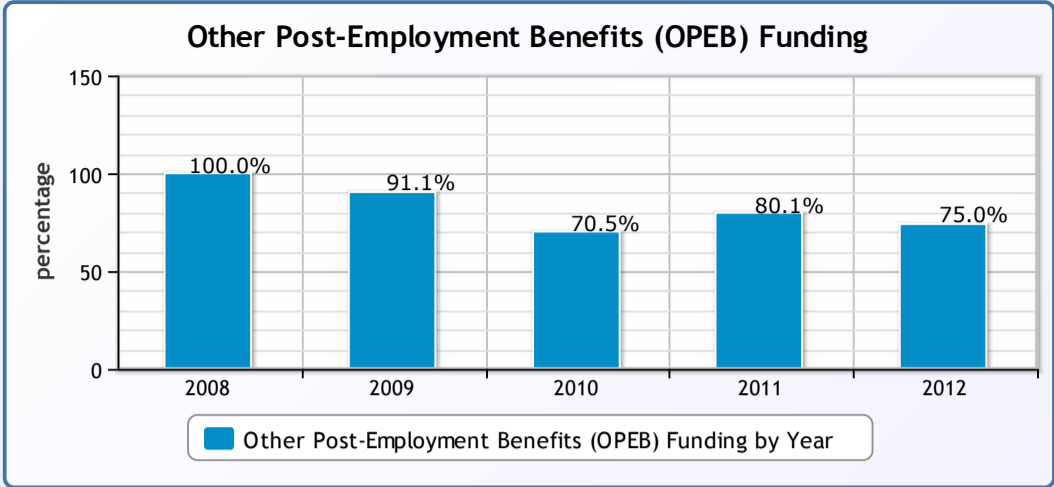
OPEB payments / annual required contribution.

Trend Analysis:

Monitor levels of OPEB payments as they relate to the annual required contribution.

Source:

Notes to Financial Statements.



Description:

Monitors whether the agency is able to pay or is paying the amount required to fund the OPEB system as determined by its actuary.

No Agency Comment