



City of
San Clemente
California

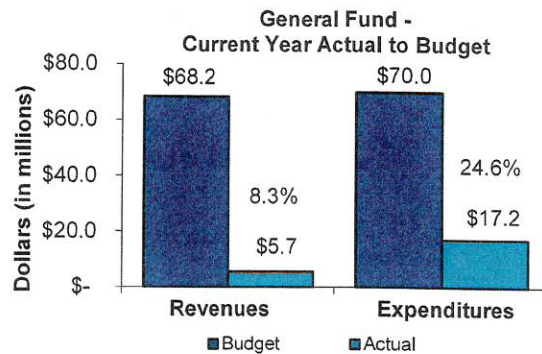
Financial Report

FY 2020-21 – 1st Quarter through Sept. 30, 2020

CURRENT FINANCIAL CONDITION – GENERAL FUND

In FY 2019-20, the City's is budgeted to maintain a small positive operating position. At the end of the first quarter, expenditures exceed revenues due to the City's largest revenue (property taxes) received later the year, while expenditures generally are incurred and paid more equally over the course of the fiscal year.

The FY 2020-21 Adopted Budget maintains the Emergency Reserve level and the General fund balance started the year higher than projected for FY 2020-21.



Revenues

General Fund revenues through September 30th total \$5.7 million, or 8.3% of the \$68.2 million annual budget. This percentage and dollar amount is down from the previous year levels of 10.8% and \$7.3 million. Revenues are down \$1.6 million from the prior year amount, some of this is due to one-time receipts in the prior year and continued impacts from the pandemic. Impacts from the pandemic are effecting Transient Occupancy Tax and other service revenues collected by the City including Permits and Fees and Service Charges. The permits and fees, rents, and service charge revenues are due to lower activity. This slowdown has also resulted in lowered costs in certain areas.

Revenues by Category	Budget	YTD Actual	%
Property Taxes	37,119,510	665,145	2%
Sales Tax	9,948,000	907,157	9%
Transient Occ. Tax	2,495,000	339,604	14%
Other Taxes	3,491,000	209,264	6%
Permits & Fees	1,543,940	271,326	18%
Intergovernmental	612,000	229,580	38%
Service Charges	5,599,430	1,529,162	27%
Fines	523,640	93,253	18%
Interest, Rents, Other	3,297,260	594,125	18%
Interfund Transfers	3,606,600	845,664	23%
Total	68,236,380	5,684,280	8%

Property Taxes: Property taxes total \$665,145, down \$19,384 than in the prior year. Unsecured taxes have decrease while property transfer taxes have increased. Property taxes are received during November/December and April/May.

Sales Tax: Sales tax receipts amount to \$907,157, exceeding the prior year amount at the end of the 1st quarter by \$67,692. One month of sales tax from the State has been received for the new fiscal year.

Transient Occupancy Taxes (TOT): Transient occupancy taxes total \$0.3 million, this is \$170,000 lower than the prior year at this time, a portion of this decrease is the timing of the receipts, but most is due to lower travel activity. The revenue budget was reduced from the prior year level and will continue to be monitored.

Other Taxes: Other taxes, consist mostly of franchise fees and business licenses, and are \$72,000 lower than the prior year, with \$50,000 of the amount due to the timing of a franchise receipt.

Permits & Fees: Permits and fees are \$243,000 less than in the prior year, due to a slowdown in development activity.

Intergovernmental: Intergovernmental, mainly from grant revenues, is \$218,720 lower due to one-time receipts in the prior year. A Safe Routes to School grant for \$380,000 and SCRides grant reimbursement for \$69,000 were recognized in the prior year, while in the current year a one time grant revenue for \$210,000 is recorded.

Service Charges: Service charges include building/planning plan check fees, ambulance, public safety, parking meter and recreation and total \$1.5 million for the first quarter, or down \$729,000. The largest decreases are in recreation fees for classes (\$591,000) and Junior Guard class revenues (\$128,000). Other service charges are generally in line with the previous year and parking revenues are actually higher than the prior year. These revenues will continue to be monitored.

Interest, Rents & Other: Interest, rents and other reimbursements total \$594,125, about \$236,000 lower than the prior year, due to lower sports field rentals due to State restrictions and Negocio lease revenue as a result of the emptying of the second floor at Negocio.

Expenditures

General Fund expenditures through September 30th total \$17.2 million or 24.6% of the \$70.0 million annual budget, as compared to \$17.6 million at this time last year. In total, expenditures are \$372,000 lower, however the percentage of total budget spent is similar to the previous year at this time last year. The amount spent by department and category have changed, partially as a result of the pandemic and the operations of the City. Information by category and Department are discussed on the following page.

Expenditure by Type	Budget	YTD Actual	%
Salaries	13,054,640	2,760,721	21%
Benefits	6,105,450	1,566,373	26%
Supplies	1,105,570	95,078	9%
Contractual Services	39,059,300	8,978,208	23%
Other Charges	1,336,760	281,219	21%
Capital Outlay	1,390,000	542,138	39%
Interdepartmental	5,187,720	1,347,287	26%
Transfers & Debt	2,748,710	1,644,448	60%
Total	69,988,150	17,215,472	25%

Expenditure by Dept	Budget	YTD Actual	%
General Government	5,011,390	954,093	19%
City General	6,078,570	1,802,584	30%
Police	18,464,470	5,036,424	27%
Fire	11,913,500	3,401,902	29%
Marine Safety	1,902,740	637,178	33%
Comm. Development	6,040,230	1,144,697	19%
Public Works	15,388,300	3,220,140	21%
Beaches, Parks & Rec	5,188,950	1,018,454	20%
Total	69,988,150	17,215,472	25%

Expenditures at the first quarter of FY 2020-21 are \$17.2 million compared to prior year's \$17.6 million, which is a decrease of \$0.4 million from the prior year. Information on the changes are discussed in the following paragraphs.

Salary and benefit's decrease of \$490,000 from the prior year are due to the one-time savings and other pandemic reductions. Some eligible payroll costs were paid by the Disaster Relief fund, some costs were not incurred due to pandemic restrictions, vacant positions savings continue to be realized, and some reduction is due to the one time paydown of the Marine Safety pension liability done last year. Savings have been achieved in a variety of departments including City General, Marine Safety, Community Development, Public Works and Beaches, Parks and Recreation.

Supplies costs have decreased from the prior year by \$95,000 due to lower costs in chemical supplies, operating supplies and maintenance supplies.

Contractual Services increase from the prior year is \$325,000, with increases in public safety and ambulance contracts of \$0.5 million offset by a decreases in maintenance contracts and other contracts.

Other Charges decrease of \$162,000 from the prior year is due primarily due to lower costs for contract class instructors.

Capital Outlay increase of \$42,000 is due to the slurry seal program timing. The slight increase to transfers and debt is due to increases on the unfunded liability payment offset by decreases to transfers.

Department changes from the prior year are a \$500,000 increase to Police and Fire activities mostly due to OCS and OCFA contracts. Public works increase of \$77,000 is due to the timing of capital related activities. Other departments were flat or lower than the prior year, with the largest decreases in Recreation (\$310,000) and Marine Safety (\$424,000) experiencing lower costs based on the pandemic operations and one-time changes.

WHAT'S NEXT

Staff is preparing a summary of cost savings realized to offset revenue losses due to lower activity levels. These adjustments will include reductions to salaries and benefits, supplies, contract services, other charges, and interdepartmental costs. Savings include unfilled positions, like the City Manager position and other staff positions, third party contract costs to assist will excess workflow, instructor payments, and savings from modified operations.

Long Term Financial Plan (LTFP): A City Council meeting by March 2021 will present the Long Term Financial Plan.

Comparative Information:

Comparative information on General Fund revenues and expenditures by categories for the current and previous fiscal year is provided in Table 1.

Table 1

General Fund Revenues - By Category
Month Ending September 30, 2020

	FY 2020 Budget	FY 2020 Actual	% of Budget	FY 2021 Budget	FY 2021 Actual	% of Budget
Property Tax	\$ 35,635,200	\$ 684,529	2%	\$ 37,119,510	\$ 665,145	2%
Sales Tax	\$ 10,127,000	\$ 839,465	8%	\$ 9,948,000	\$ 907,157	9%
Transient Occ. Tax	\$ 2,650,000	\$ 510,176	19%	\$ 2,495,000	\$ 339,604	14%
Other Taxes	\$ 3,536,000	\$ 280,926	8%	\$ 3,491,000	\$ 209,264	6%
Permits and Fees	\$ 1,614,200	\$ 514,099	32%	\$ 1,543,940	\$ 271,326	18%
Intergovernmental	\$ 396,100	\$ 448,300	113%	\$ 612,000	\$ 229,580	38%
Service Charges	\$ 5,447,810	\$ 2,257,968	41%	\$ 5,599,430	\$ 1,529,162	27%
Fines	\$ 730,230	\$ 74,994	10%	\$ 523,640	\$ 93,253	18%
Interest & Rents	\$ 3,616,640	\$ 830,210	23%	\$ 3,297,260	\$ 594,125	18%
Interfund Transfers	\$ 3,858,960	\$ 833,098	22%	\$ 3,606,600	\$ 845,664	23%
Gen. Fund Total	\$ 67,612,140	\$ 7,273,765	11%	\$ 68,236,380	\$ 5,684,280	8%

General Fund Expenditures - By Category

	FY 2020 Budget	FY 2020 Actual	% of Budget	FY 2021 Budget	FY 2021 Actual	% of Budget
Salaries	\$ 13,633,020	\$ 3,005,574	22%	\$ 13,054,640	\$ 2,760,721	21%
Benefits	\$ 6,390,280	\$ 1,810,712	28%	\$ 6,105,450	\$ 1,566,373	26%
Supplies	\$ 1,136,390	\$ 190,309	17%	\$ 1,105,570	\$ 95,078	9%
Contractual Services	\$ 38,322,940	\$ 8,653,406	23%	\$ 39,059,300	\$ 8,978,208	23%
Other Charges	\$ 1,189,630	\$ 443,409	37%	\$ 1,336,760	\$ 281,219	21%
Capital Outlay	\$ 2,641,250	\$ 500,095	19%	\$ 1,390,000	\$ 542,138	39%
Inter Dept Charges	\$ 5,250,510	\$ 1,362,571	26%	\$ 5,187,720	\$ 1,347,287	26%
Interfund Transfers & Debt	\$ 3,025,290	\$ 1,621,773	54%	\$ 2,748,710	\$ 1,644,448	60%
Gen. Fund Total	\$ 71,589,310	\$ 17,587,849	25%	\$ 69,988,150	\$ 17,215,472	25%

General Fund Expenditures - By Department

	FY 2020 Budget	FY 2020 Actual	% of Budget	FY 2021 Budget	FY 2021 Actual	% of Budget
General Government	\$ 5,341,900	\$ 1,050,736	20%	\$ 5,011,390	\$ 954,093	19%
City General	\$ 7,240,840	\$ 1,935,212	27%	\$ 6,078,570	\$ 1,802,584	30%
Police	\$ 17,660,620	\$ 4,787,453	27%	\$ 18,464,470	\$ 5,036,424	27%
Fire	\$ 11,201,440	\$ 3,150,960	28%	\$ 11,913,500	\$ 3,401,902	29%
Marine Safety	\$ 2,356,080	\$ 1,061,850	45%	\$ 1,902,740	\$ 637,178	33%
Comm. Development	\$ 5,610,820	\$ 1,134,768	20%	\$ 6,040,230	\$ 1,144,697	19%
Public Works	\$ 16,921,780	\$ 3,142,964	19%	\$ 15,388,300	\$ 3,220,140	21%
Beaches, Pks & Rec	\$ 5,255,830	\$ 1,323,906	25%	\$ 5,188,950	\$ 1,018,454	20%
Gen. Fund Total	\$ 71,589,310	\$ 17,587,849	25%	\$ 69,988,150	\$ 17,215,472	25%