



City of  
San Clemente  
California

# Quarterly Financial Report

## Second Quarter of FY 2022-23

October – December 2022

### CURRENT FINANCIAL CONDITION

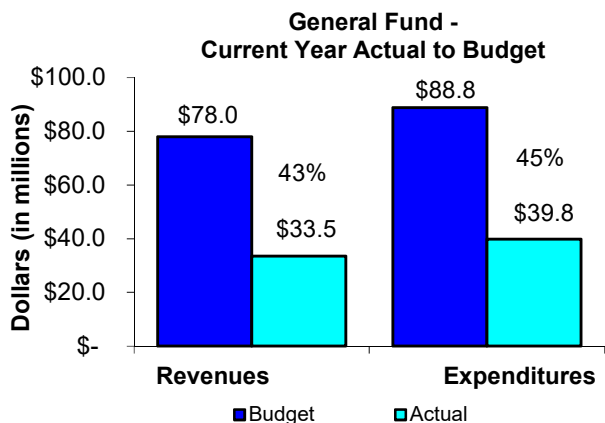
In FY 2022-23, the City's is adopted General Fund budget included a positive operating position of \$422,000. After budget adjustments, the current operating position is \$180,000. At the end of the second quarter, expenditures exceed revenues due to the timing of property and sales tax receipts. Revenues and expenditures are within budgetary expectations for this time of the year.

### GENERAL FUND

General Fund revenues through the second quarter total \$33.5 million, or 43% of the \$78.0 million annual budget. General Fund revenue is \$1.4 million higher than last year's revenue due to higher property taxes, services charges, and interfund transfers.

General Fund expenditures total \$39.8 million for the second quarter, or 45% of the \$88.8 million annual budget, as compared to \$37.3 million at this time last year. In total, expenditures ended the quarter \$2.5 million higher than the same period mainly due to pension paydown and General Fund assistance to the Clean Ocean fund.

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	40,993,230	17,635,719	43%
Sales Tax	12,995,000	4,403,953	34%
Transient Occ. Tax	3,005,000	1,454,521	48%
Other Taxes	3,504,000	796,356	23%
Permits & Fees	1,165,530	756,731	65%
Intergovernmental	1,324,830	318,140	24%
Service Charges	6,258,340	3,860,134	62%
Fines	518,300	256,839	50%
Interest, Rents, Other	3,287,990	1,542,986	47%
Interfund Transfers	4,942,990	2,513,044	51%
	<b>77,995,210</b>	<b>33,538,423</b>	<b>43%</b>

➤ **Property Taxes:** Property taxes total \$17.6 million, primarily from secured taxes. The amount is \$1.1 million higher than in the prior year due to higher secured taxes in the current year.

➤ **Sales Tax:** Sales tax receipts amount to \$4.4 million, which is \$115,478 lower than in the prior year. These are lower due to lower business activity compared to the prior year.

➤ **Transient Occupancy Taxes (TOT):** Transient occupancy taxes total \$1.4 million slightly higher than the same time last year.

➤ **Other Taxes:** Other taxes, consisting mostly of franchise fees and business licenses, total \$796,356, which is \$39,101 higher than prior year. The largest franchise fees, from SDG&E and Southern California Gas, are remitted in April of each year.

➤ **Permits & Fees:** Permits and fees are at \$756,731. This is \$18,202 less than in the prior year, due to a decrease in construction and street encroachment permits from prior year levels.

➤ **Intergovernmental:** Intergovernmental, which derives mainly from grant revenues total \$318,140, which is \$699,688 lower due the SC Rides program revenues being recorded in the Local Transit fund.

➤ **Service Charges:** Service charges, from general government, public safety, parking meter and recreation, amount to \$3.9 million, about \$298,868 higher than last year. This increase is the result of an increase in building plan check fees, parking service charges and recreation service charges as activity levels increased in the current year.

➤ **Fines:** Revenues from fines total \$256,839, which is \$18,199 higher than the prior year due to increases in parking violations and vehicle code fines.

➤ **Interest, Rents & Other:** Interest, rents and other reimbursements total \$1.5 million, similar to the prior year.

➤ **Interfund transfers:** Interfund transfers increased from the prior year by \$671,000 due to funding provided by the American Rescue Plan funds, which are being used to offset police and fire cost increases.

**GENERAL FUND EXPENDITURES**

Expenditure by Type	Budget	YTD Actual	%
Salaries	13,701,490	5,801,169	42%
Benefits	6,625,080	3,862,839	58%
Supplies	1,252,330	558,677	45%
Contractual Services	46,138,235	20,785,720	45%
Other Charges	1,507,820	769,056	51%
Capital Outlay	7,759,440	841,872	11%
Interdepartmental	5,257,830	2,664,430	51%
Transfers & Debt	6,590,840	4,536,769	69%
<b>Total</b>	<b>88,833,065</b>	<b>39,820,532</b>	<b>45%</b>

Expenditure by Dept	Budget	YTD Actual	%
General Government	5,972,440	2,632,821	44%
City General	8,180,850	3,463,758	42%
Police	21,529,275	11,416,800	53%
Fire	14,125,080	7,600,437	54%
Marine Safety	2,163,410	987,132	46%
Comm. Development	7,819,910	3,047,878	39%
Public Works	22,913,630	8,059,342	35%
Beaches, Parks & Rec	6,128,470	2,612,364	43%
<b>Total</b>	<b>88,833,065</b>	<b>39,820,532</b>	<b>45%</b>

Expenditures at the second quarter of FY 2022-23 are \$39.8 million compared to prior year’s \$37.3 million. This is an increase of \$2.5 million from the prior year. Salaries increase by \$206,604 due to progress on staff vacancies and salary increases. Benefits decrease by \$1.2 million partially due mostly to a \$1.7 million pension UAL payment in FY 2022. Contractual services increase \$1.1 million, because of higher public safety contract costs, electricity, maintenance, and other contract services costs. Other charges are similar to prior year. Capital Outlay decreased by \$164,310 due to prior year project completions. Transfers and Debt increase from the prior year by \$2.3 million due in part to one-time pension payments and transfer to support the Clean Ocean Fund.

By Department, police and fire increase total \$2.2 million due to public safety contract cost increases and the \$2 million UAL pension payment made in August. Other department changes are as follows: 1) City General increased by \$603,996 due to transfers to the Clean Ocean Fund in the current year, 2) Public works costs decreased by \$145,360 due to decreases in capital outlay costs, 3) General Government decreased by \$180,665 due to lower salary and pension costs, and 4) Beaches, Parks and Recreation, Community development and Marine Safety are relatively flat compared to prior year.

In total, costs are currently within anticipated results at this time of the year based on the budget.

**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, and Storm Drain funds.

**Revenues**

Revenue	Budget	YTD Actual	%
Water Fund	25,504,271	12,257,032	48%
Sewer Fund	11,691,877	4,905,457	42%
Golf Fund	2,557,521	1,715,072	67%
Storm Drain Fund	1,774,582	391,482	22%

Water fund revenue increased by \$1.2 million over the prior year due to \$1.1 received under the SMWD agreement. Sewer revenues are lower than the prior year with service charges lower by \$216,000 and smaller depreciation reserve transfers to support Sewer operations in the current year.

Golf Course and Storm drain revenues are flat compared to the prior year at this time.

**Expenses**

Expenses	Budget	YTD Actual	%
Water Fund	26,345,610	11,935,557	45%
Sewer Fund	11,662,110	5,261,147	45%
Golf Fund	2,761,970	1,376,527	50%
Storm Drain Fund	1,696,180	720,611	42%

Water expenses decrease by \$248,000 when compared to the prior year due to depreciation reserve transfers from operating funds in the current year. Sewer expenses decreased by \$255,000 due to a decrease in personnel costs and vacancies. Golf Course operations increased by \$65,000 due to increases in effluent water and other contractual services. Storm drain operating expenses were lower by \$77,000 compared to the previous year due partially to salaries.

**Working Capital**

Working Capital	Budget	YTD Actual
Water Fund	7,954,142	9,116,956
Sewer Fund	578,112	192,655
Golf Fund	723,201	1,266,195
Storm Drain Fund	-130,510	-538,040

Working capital levels are negative in the Storm Drain fund; however, adjustments will be made to end the year in a positive position. The Sewer fund and Clean Ocean funds are both undergoing Cost-of-Service studies and fee reviews.

**ADDITIONAL INFORMATION**

General Fund comparative information for the prior year is provided in Table 1 (see attachment).

Table 1

**General Fund Revenues - By Category**  
**Month Ending December 31, 2022**

	FY 2022 Budget	FY 2022 Actual	% of Budget	FY 2023 Budget	FY 2023 Actual	% of Budget
Property Tax	\$ 38,516,220	\$ 16,519,702	43%	\$ 40,993,230	\$ 17,635,719	43%
Sales Tax	\$ 11,506,000	\$ 4,519,431	39%	\$ 12,995,000	\$ 4,403,953	34%
Transient Occ. Tax	\$ 2,290,000	\$ 1,393,387	61%	\$ 3,005,000	\$ 1,454,521	48%
Other Taxes	\$ 3,454,000	\$ 757,255	22%	\$ 3,504,000	\$ 796,356	23%
Permits and Fees	\$ 1,342,310	\$ 774,933	58%	\$ 1,165,530	\$ 756,731	65%
Intergovernmental	\$ 1,141,840	\$ 1,017,828	89%	\$ 1,324,830	\$ 318,140	24%
Service Charges	\$ 5,584,830	\$ 3,561,266	64%	\$ 6,258,340	\$ 3,860,134	62%
Fines	\$ 569,750	\$ 238,640	42%	\$ 518,300	\$ 256,839	50%
Interest & Rents	\$ 3,505,990	\$ 1,482,845	42%	\$ 3,287,990	\$ 1,542,986	47%
Interfund Transfers	\$ 4,587,570	\$ 1,842,620	40%	\$ 4,942,990	\$ 2,513,044	51%
<b>Gen. Fund Total</b>	<b>\$ 72,498,510</b>	<b>\$ 32,107,907</b>	<b>44%</b>	<b>\$ 77,995,210</b>	<b>\$ 33,538,423</b>	<b>43%</b>

**General Fund Expenditures - By Category**

	FY 2022 Budget	FY 2022 Actual	% of Budget	FY 2023 Budget	FY 2023 Actual	% of Budget
Salaries	\$ 13,134,440	\$ 5,594,365	43%	\$ 13,701,490	\$ 5,801,169	42%
Benefits	\$ 7,523,860	\$ 5,019,284	67%	\$ 6,625,080	\$ 3,862,839	58%
Supplies	\$ 1,169,220	\$ 403,645	35%	\$ 1,252,330	\$ 558,677	45%
Contractual Services	\$ 42,668,095	\$ 19,704,566	46%	\$ 46,138,235	\$ 20,785,720	45%
Other Charges	\$ 1,274,010	\$ 758,166	60%	\$ 1,507,820	\$ 769,056	51%
Capital Outlay	\$ 5,885,300	\$ 1,006,182	17%	\$ 7,759,440	\$ 841,872	11%
Inter Dept Charges	\$ 4,973,190	\$ 2,565,095	52%	\$ 5,257,830	\$ 2,664,430	51%
Interfund Transfers & Debt	\$ 3,275,100	\$ 2,267,709	69%	\$ 6,590,840	\$ 4,536,769	69%
<b>Gen. Fund Total</b>	<b>\$ 79,903,215</b>	<b>\$ 37,319,012</b>	<b>47%</b>	<b>\$ 88,833,065</b>	<b>\$ 39,820,532</b>	<b>45%</b>

**General Fund Expenditures - By Department**

	FY 2022 Budget	FY 2022 Actual	% of Budget	FY 2023 Budget	FY 2023 Actual	% of Budget
General Government	\$ 5,817,480	\$ 2,813,486	48%	\$ 5,972,440	\$ 2,632,821	44%
City General	\$ 5,834,990	\$ 2,859,762	49%	\$ 8,180,850	\$ 3,463,758	42%
Police	\$ 19,927,510	\$ 10,121,842	51%	\$ 21,529,275	\$ 11,416,800	53%
Fire	\$ 12,918,680	\$ 6,727,522	52%	\$ 14,125,080	\$ 7,600,437	54%
Marine Safety	\$ 1,998,810	\$ 958,772	48%	\$ 2,163,410	\$ 987,132	46%
Comm. Development	\$ 7,055,180	\$ 2,954,079	42%	\$ 7,819,910	\$ 3,047,878	39%
Public Works	\$ 20,616,955	\$ 8,204,702	40%	\$ 22,913,630	\$ 8,059,342	35%
Beaches, Pks & Rec	\$ 5,733,610	\$ 2,678,847	47%	\$ 6,128,470	\$ 2,612,364	43%
<b>Gen. Fund Total</b>	<b>\$ 79,903,215</b>	<b>\$ 37,319,012</b>	<b>47%</b>	<b>\$ 88,833,065</b>	<b>\$ 39,820,532</b>	<b>45%</b>