

January – March 2023

CURRENT FINANCIAL CONDITION

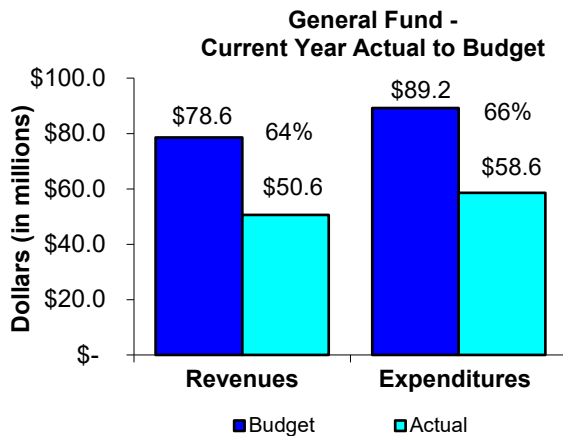
In FY 2022-23, the City's is adopted General Fund budget included a positive operating position of \$411,000 after mid-year budget adjustments. At the end of the third quarter, expenditures exceed revenues due to the timing of property and sales tax receipts. Revenues and expenditures are within budgetary expectations for this time of the year.

GENERAL FUND

General Fund revenues through the third quarter total \$50.6 million, or 64% of the \$78.6 million annual budget. General Fund revenue is \$1.5 million higher than last year's revenue due to higher property taxes, other taxes, services charges, interest & rents, and interfund transfers.

General Fund expenditures total \$58.6 million for the third quarter, or 66% of the \$89.2 million annual budget, as compared to \$54.8 million at this time last year. In total, expenditures ended the quarter \$3.8 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	41,128,230	26,031,517	63%
Sales Tax	12,995,000	7,474,107	58%
Transient Occ. Tax	3,005,000	2,081,550	69%
Other Taxes	3,524,000	1,679,543	48%
Permits & Fees	1,185,530	1,160,021	98%
Intergovernmental	1,464,830	389,791	27%
Service Charges	6,336,340	5,580,112	88%
Fines	558,300	397,593	71%
Interest, Rents, Other	3,430,790	2,400,982	70%
Interfund Transfers	4,942,990	3,440,619	70%
	78,571,010	50,635,835	64%

➤ **Property Taxes:** Property taxes total \$26.0 million, primarily from secured taxes. The amount is \$1.7 million higher than in the prior year due to higher secured taxes in the current year.

➤ **Sales Tax:** Sales tax receipts amount to \$7.5 million, which is \$443,176 lower than in the prior year. These are lower due to lower business and county pool receipts when compared to the prior year.

➤ **Transient Occupancy Taxes (TOT):** Transient occupancy taxes total \$2.1 million, which is comparable to the same time last year.

➤ **Other Taxes:** Other taxes, consisting mostly of franchise fees and business licenses, total \$1,679,543, which is \$55,400 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 \$1,160,021. This is \$138,605 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 \$389,791, which is \$574,132 lower due the SC Rides program revenues recorded in the Local Transit fund for FY 2023.

➤ **Service Charges:** Service charges, from general government, public safety, parking meter and recreation, amount to \$5.6 million, about \$79,500 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 \$397,593, which is \$23,508 lower than the prior year due to lower administrative fines.

➤ **Interest, Rents & Other:** Interest, rents and other reimbursements total \$2.4 million, which is a \$214,687 increase from the prior year due to an increase in interest earnings of \$86,230 based on higher interest rates and an increase to rents and site leases of \$94,227 over the prior year.

➤ **Interfund transfers:** Interfund transfers increased from the prior year by \$635,241 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	13,517,490	8,416,161	62%
Benefits	6,625,080	4,839,266	73%
Supplies	1,340,880	808,999	60%
Contractual Services	46,548,235	32,214,182	69%
Other Charges	1,512,320	1,048,554	69%
Capital Outlay	7,759,440	2,111,143	27%
Interdepartmental	5,257,830	3,996,638	76%
Transfers & Debt	6,670,840	5,157,090	77%
Total	89,232,115	58,592,033	66%

Expenditure by Dept	Budget	YTD Actual	%
General Government	5,988,440	3,830,211	64%
City General	8,282,700	5,092,959	61%
Police	21,530,775	16,293,062	76%
Fire	14,137,080	10,871,903	77%
Marine Safety	2,163,410	1,297,175	60%
Comm. Development	7,820,710	4,497,068	58%
Public Works	23,116,530	12,988,761	56%
Beaches, Parks & Rec	6,192,470	3,720,894	60%
Total	89,232,115	58,592,033	66%

Expenditures at the third quarter of FY 2022-23 are \$58.6 million compared to prior year's \$54.8 million. This is an increase of \$3.8 million from the prior year. Salaries increase by \$433,357 due to the filling of staff vacancies and overtime costs. Benefits decrease \$1.0 million mostly from a \$1.7 million pension UAL payment in FY 2022. Contractual services increase \$2.0 million. This is due to large increases in public safety (\$814,000), higher utility costs (\$131,000), Trak-it software costs (\$231,000), maintenance (\$380,000), and various contract costs to assist with projects and staffing. Other charges increased by \$58,305 from the prior year. Capital Outlay increased by \$818,601, which includes some payment for sand replenishment. Transfers and Debt increase from the prior year by \$1.2 million due to one-time pension payments offset by a transfer to support the Clean Ocean Fund in FY 2022-23.

By Department, police and fire increase total \$1.2 million due to public safety contract cost increases and the additional UAL pension payment made in August. Other department changes are as follows: 1) City General increased by \$866,198 due to transfers to the Clean Ocean Fund in the current year, 2) Public works costs increased by \$1.4 million due to increases in contractual services and capital outlay costs, 3) Community Development increases by \$368,900 due to increases to other contractual services 5) Beaches, Parks and Recreation, General Government, 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	25,485,021	16,105,961	63%
Sewer Fund	11,692,897	7,611,314	65%
Golf Fund	2,627,680	2,446,552	93%
Storm Drain Fund	1,774,598	737,543	42%

Water commodity revenues decrease \$571,000 based on lower water usage due to rains, while \$1.1 million was received under the SMWD agreement. Sewer revenues are lower than the prior year by \$454,000 with service charges lower by \$218,000 and smaller depreciation reserve transfers of \$338,000 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	26,524,720	18,022,318	68%
Sewer Fund	11,704,010	7,803,670	67%
Golf Fund	2,928,200	1,968,073	67%
Storm Drain Fund	1,696,180	1,078,263	64%

Water expenses increase by \$526,000 when compared to the prior year due to depreciation reserve transfers from operating funds. Sewer expenses decreased by \$244,000 due to a decrease in personnel costs and vacancies. Golf Course operations increased by \$118,000 due to increases in effluent water and other contractual services for staffing assistance. Storm drain operating expenses were lower by \$78,000 compared to the previous year due to lower salaries based on vacancies.

Working Capital

Working Capital	Budget	YTD Actual
Water Fund	7,775,782	6,879,124
Sewer Fund	537,232	355,989
Golf Fund	627,130	1,406,129
Storm Drain Fund	-130,494	-549,632

Working capital levels are negative in the Storm Drain fund; however, year-end activity will result 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 March 31, 2023

	FY 2022 Budget	FY 2022 Actual	% of Budget	FY 2023 Budget	FY 2023 Actual	% of Budget
Property Tax	\$ 38,697,220	\$ 24,365,240	63%	\$ 41,128,230	\$ 26,031,517	63%
Sales Tax	\$ 12,181,000	\$ 7,917,283	65%	\$ 12,995,000	\$ 7,474,107	58%
Transient Occ. Tax	\$ 2,290,000	\$ 2,082,935	91%	\$ 3,005,000	\$ 2,081,550	69%
Other Taxes	\$ 3,454,000	\$ 1,624,143	47%	\$ 3,524,000	\$ 1,679,543	48%
Permits and Fees	\$ 1,361,170	\$ 1,298,626	95%	\$ 1,185,530	\$ 1,160,021	98%
Intergovernmental	\$ 1,381,840	\$ 963,923	70%	\$ 1,464,830	\$ 389,791	27%
Service Charges	\$ 5,890,830	\$ 5,500,610	93%	\$ 6,336,340	\$ 5,580,112	88%
Fines	\$ 569,750	\$ 421,101	74%	\$ 558,300	\$ 397,593	71%
Interest & Rents	\$ 3,465,990	\$ 2,186,295	63%	\$ 3,430,790	\$ 2,400,982	70%
Interfund Transfers	\$ 4,587,570	\$ 2,805,378	61%	\$ 4,942,990	\$ 3,440,619	70%
Gen. Fund Total	\$ 73,879,370	\$ 49,165,534	67%	\$ 78,571,010	\$ 50,635,835	64%

General Fund Expenditures - By Category

	FY 2022 Budget	FY 2022 Actual	% of Budget	FY 2023 Budget	FY 2023 Actual	% of Budget
Salaries	\$ 12,790,940	\$ 7,982,804	62%	\$ 13,517,490	\$ 8,416,161	62%
Benefits	\$ 7,458,860	\$ 5,850,125	78%	\$ 6,625,080	\$ 4,839,266	73%
Supplies	\$ 1,175,220	\$ 652,402	56%	\$ 1,340,880	\$ 808,999	60%
Contractual Services	\$ 43,446,595	\$ 30,232,666	70%	\$ 46,548,235	\$ 32,214,182	69%
Other Charges	\$ 1,274,010	\$ 990,249	78%	\$ 1,512,320	\$ 1,048,554	69%
Capital Outlay	\$ 5,885,300	\$ 1,292,542	22%	\$ 7,759,440	\$ 2,111,143	27%
Inter Dept Charges	\$ 4,973,190	\$ 3,847,643	77%	\$ 5,257,830	\$ 3,996,638	76%
Interfund Transfers & Debt	\$ 4,275,100	\$ 3,938,034	92%	\$ 6,670,840	\$ 5,157,090	77%
Gen. Fund Total	\$ 81,279,215	\$ 54,786,465	67%	\$ 89,232,115	\$ 58,592,033	66%

General Fund Expenditures - By Department

	FY 2022 Budget	FY 2022 Actual	% of Budget	FY 2023 Budget	FY 2023 Actual	% of Budget
General Government	\$ 5,652,480	\$ 3,870,251	68%	\$ 5,988,440	\$ 3,830,211	64%
City General	\$ 6,034,990	\$ 4,226,761	70%	\$ 8,282,700	\$ 5,092,959	61%
Police	\$ 20,477,510	\$ 15,612,282	76%	\$ 21,530,775	\$ 16,293,062	76%
Fire	\$ 13,368,680	\$ 10,385,050	78%	\$ 14,137,080	\$ 10,871,903	77%
Marine Safety	\$ 1,998,810	\$ 1,264,734	63%	\$ 2,163,410	\$ 1,297,175	60%
Comm. Development	\$ 7,295,180	\$ 4,128,163	57%	\$ 7,820,710	\$ 4,497,068	58%
Public Works	\$ 20,687,955	\$ 11,636,342	56%	\$ 23,116,530	\$ 12,988,761	56%
Beaches, Pks & Rec	\$ 5,763,610	\$ 3,662,882	64%	\$ 6,192,470	\$ 3,720,894	60%
Gen. Fund Total	\$ 81,279,215	\$ 54,786,465	67%	\$ 89,232,115	\$ 58,592,033	66%