



## Quarterly Financial Status Report

*As of December 31, 2021*





# Quarterly Financial Status Report

Finance Department



## Overview

This report summarizes the City's financial performance for the three months ended December 31, 2021. Financial analysis for this report is provided for the General Fund, the City's chief operating fund. The revenue projections and expenditure figures include adjustments for carryovers and any supplemental appropriations approved by City Council as of December 31, 2021. The figures presented are unaudited.

## General Fund

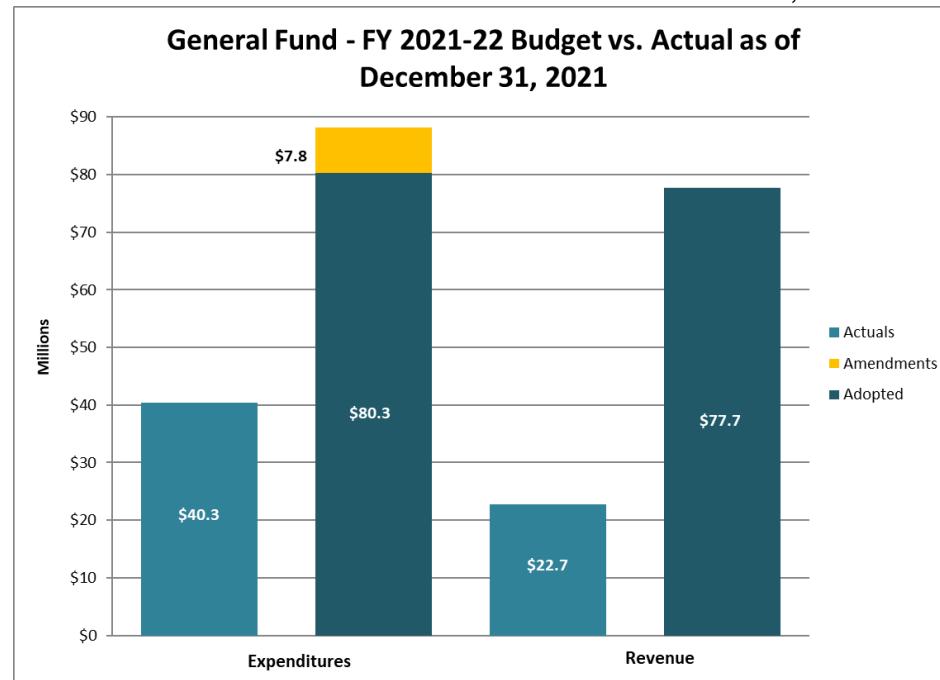
The General Fund is the chief operating fund for the City and includes multiple programs, services, and activities for the citizens of San Marcos.

The Fiscal Year 2021-22 adopted budget for revenues and operating expenses is \$77.7 million and \$80.3 million, respectively. On June 8, 2021, the City Council approved the appropriation of up to \$2,561,391 from the Economic Contingency/Pension Stabilization Reserve to the General Fund Operating Budget.

The operating expenditure budget has been increased by \$7.8M due to carryover appropriations and encumbered contracts from FY 2020-21 and budget adjustments in the current fiscal year.

Although the COVID-19 pandemic has had an unprecedented economic effect on state and local economics, especially government revenues, General Fund revenues are currently 29.20% of budget, which is trending in-line with pre-pandemic revenue for this time of year. Expenditures are 45.77%, which is trending on track at this time. The second quarter budget and actual revenue and expenses figures are illustrated side by side in Figure 3, below.

FIGURE 3: GENERAL FUND BUDGET VS. ACTUAL AS OF DECEMBER 31, 2021





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### General Fund Revenues

As of December 31, 2021, approximately \$22.7 million or 29.2% of the General Fund operating budget revenue has been received as detailed in Figure 4, below.

FIGURE 4: GENERAL FUND REVENUE OVERVIEW AND COMPARISON BY TYPE

#### GENERAL FUND REVENUES - OVERVIEW AND COMPARISON BY TYPE

BUDGET CATEGORY	FISCAL YEAR 2021-22				REVENUE COMPARISON		
	AS ADOPTED	AS AMENDED	ACTUAL 12/31/2021	PERCENTAGE BUDGET USED	ACTUAL 12/31/2020	CHANGE FROM PRIOR YEAR	PERCENT CHANGE
<strong>TAXES &amp; SPECIAL ASSESSMENTS</strong>							
Sales Tax	\$18,793,491	\$18,793,491	\$5,437,170	28.93%	\$4,203,847	\$1,233,323	29.34%
Property Tax	\$25,719,167	\$25,719,167	\$3,670,964	14.27%	\$3,573,366	\$97,598	2.73%
Special Assessments	\$6,344,000	\$6,344,000	\$1,719,492	27.10%	\$1,210,863	\$508,629	42.01%
Transient Occupancy Tax	\$719,525	\$719,525	\$358,668	49.85%	\$215,214	\$143,454	66.66%
<strong>Total Taxes &amp; Special Assessments</strong>	<strong>\$51,576,183</strong>	<strong>\$51,576,183</strong>	<strong>\$11,186,293</strong>	<strong>21.69%</strong>	<strong>\$9,203,289</strong>	<strong>\$1,983,004</strong>	<strong>21.55%</strong>
<strong>LICENSES &amp; PERMITS</strong>							
Franchise Fees	\$4,216,858	\$4,216,858	\$884,577	20.98%	\$819,700	\$64,877	7.91%
Storm Drain Fees	\$0	\$0	\$0	0.00%	\$0	\$0	0.00%
Building Permit Fees	\$405,000	\$405,000	\$238,049	58.78%	\$114,696	\$123,352	107.55%
Business License Fees	\$239,200	\$239,200	\$113,179	47.32%	\$111,764	\$1,415	1.27%
Other Licenses & Permits	\$742,030	\$742,030	\$583,355	78.62%	\$810,954	(\$227,600)	-28.07%
<strong>Total Licenses &amp; Permits</strong>	<strong>\$5,603,088</strong>	<strong>\$5,603,088</strong>	<strong>\$1,819,159</strong>	<strong>32.47%</strong>	<strong>\$1,857,114</strong>	<strong>(\$37,955)</strong>	<strong>-2.04%</strong>
<strong>INTERGOVERNMENTAL</strong>							
State	\$96,000	\$96,000	\$59,582	62.06%	\$57,562	\$2,021	3.51%
State Grants	\$223,000	\$223,000	\$143,135	64.19%	\$1,930,565	(\$1,787,430)	-92.59%
County	\$280,000	\$280,000	\$204,951	73.20%	\$86,290	\$118,660	137.51%
Federal Grants	\$151,976	\$151,976	\$30	0.02%	\$1,200,252	(\$1,200,222)	-100.00%
<strong>Total Intergovernmental</strong>	<strong>\$750,976</strong>	<strong>\$750,976</strong>	<strong>\$407,698</strong>	<strong>54.29%</strong>	<strong>\$3,274,669</strong>	<strong>(\$2,866,970)</strong>	<strong>-87.55%</strong>
<strong>CHARGES FOR SERVICES</strong>							
Departmental Services	\$7,562,807	\$7,562,807	\$4,978,340	65.83%	\$3,487,374	\$1,490,966	42.75%
Reimbursements	\$2,898,494	\$2,898,494	\$1,337,224	46.14%	\$494,366	\$842,858	170.49%
<strong>Total Charges For Services</strong>	<strong>\$10,461,301</strong>	<strong>\$10,461,301</strong>	<strong>\$6,315,563</strong>	<strong>60.37%</strong>	<strong>\$3,981,739</strong>	<strong>\$2,333,824</strong>	<strong>58.61%</strong>
<strong>FINES &amp; FORFEITURES</strong>							
Fines & Forfeitures	\$414,800	\$414,800	\$13,307	3.21%	\$26,595	(\$13,288)	-49.97%
<strong>Total Fines &amp; Forfeitures</strong>	<strong>\$414,800</strong>	<strong>\$414,800</strong>	<strong>\$13,307</strong>	<strong>3.21%</strong>	<strong>\$26,595</strong>	<strong>(\$13,288)</strong>	<strong>-49.97%</strong>
<strong>USE OF MONEY &amp; PROPERTY</strong>							
Rental Income	\$60,000	\$60,000	\$24,487	40.81%	\$25,400	(\$913)	-3.59%
Partnership Income	\$900,000	\$900,000	\$1,000	0.11%	\$480,000	(\$479,000)	-99.79%
Interest Income	\$462,133	\$462,133	(\$228,542)	-49.45%	(\$46,376)	(\$182,166)	392.81%
<strong>Total Use Of Money &amp; Property</strong>	<strong>\$1,422,133</strong>	<strong>\$1,422,133</strong>	<strong>(\$203,055)</strong>	<strong>-14.28%</strong>	<strong>\$459,025</strong>	<strong>(\$662,079)</strong>	<strong>-144.24%</strong>
<strong>DEVELOPER FEES</strong>							
Developer Fees	\$11,500	\$11,500	\$12,955	112.65%	\$17,351	(\$4,397)	-25.34%
<strong>Total Developer Fees</strong>	<strong>\$11,500</strong>	<strong>\$11,500</strong>	<strong>\$12,955</strong>	<strong>112.65%</strong>	<strong>\$17,351</strong>	<strong>(\$4,397)</strong>	<strong>-25.34%</strong>
<strong>MISCELLANEOUS REVENUES</strong>							
Donations	\$2,250	\$2,250	\$0	0.00%	\$42,937	(\$42,937)	-100.00%
Other Miscellaneous Revenue	\$796,900	\$796,900	\$58,988	7.40%	\$121,056	(\$62,068)	-51.27%
<strong>Total Miscellaneous Revenues</strong>	<strong>\$799,150</strong>	<strong>\$799,150</strong>	<strong>\$58,988</strong>	<strong>7.38%</strong>	<strong>\$163,993</strong>	<strong>(\$105,005)</strong>	<strong>-64.03%</strong>
<strong>OTHER SOURCES</strong>							
Sales Of Fixed Assets	\$0	\$0	\$392,786	0.00%	\$429,413	(\$36,627)	-8.53%
Operating Transfer In - CM/Other	\$6,705,500	\$6,705,500	\$2,700,000	40.27%	\$2,694,330	\$5,670	0.21%
<strong>Total Other Sources</strong>	<strong>\$6,705,500</strong>	<strong>\$6,705,500</strong>	<strong>\$3,092,786</strong>	<strong>46.12%</strong>	<strong>\$3,123,743</strong>	<strong>(\$30,957)</strong>	<strong>-0.99%</strong>
<strong>TOTAL GENERAL FUND</strong>	<strong>\$77,744,631</strong>	<strong>\$77,744,631</strong>	<strong>\$22,703,695</strong>	<strong>29.20%</strong>	<strong>\$22,107,518</strong>	<strong>\$596,177</strong>	<strong>2.70%</strong>



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**Sales Taxes:** The local one cent share of statewide sales occurring July through September, for which San Marcos receives revenue in November, October, and December, was 29% higher than the comparable quarter of Fiscal Year 2020-21. This is due to a large State reporting error from FY 2019-20 that was fixed during FY 2020-21.

**Property Taxes:** The majority of property tax revenue is collected in December and April each year. According to the County of San Diego Assessor's Office, assessed values in San Marcos increased by 5% for fiscal year 2020-21. The increase in this year's assessed values is mostly attributable to increases in residential and commercial properties which reflect a continued improvement in the housing market and new construction.

Other property taxes in this category include the ABX1 26 Real Property Transfer Trust Fund residual revenue which is from former Redevelopment tax increment revenue and pass through. These revenues are received twice a year, January 1<sup>st</sup> and June 1<sup>st</sup>.

**Licenses & Permits:** Licenses and Permits revenue consist of franchise fees, business license fees, building permits, and other building and planning permits and fees. Franchise fees are generated from public utility sources such as San Diego Gas and Electric, trash collections, and cable franchises conducting business within City limits. This revenue is collected quarterly and yearly starting in the second quarter of the fiscal year.

**Intergovernmental:** Includes federal, state, and local grant revenue, fire mitigation fees, recycling revenue, motor vehicle fees, and state mandate reimbursement. The majority of this revenue is collected quarterly and yearly starting in the second quarter of the fiscal year. Due to the COVID-19 crisis, the City received additional Grant funding through the federal and state government that is not matched this fiscal year. This revenue has been used to fund business relief and community programs such as the Business Sustainability Loan Program, and purchase necessary equipment and supplies.

**Charges for Services:** Includes various plan check and zoning related fees, administrative fees, ambulance billings, and community service revenue from various recreational activities. These revenues are trending slightly above the budgeted amount for this time in the fiscal year.

**Fines & Forfeitures:** Includes vehicle, parking, and court fines as well as miscellaneous penalty fines. Because of the nature of this type of revenue, predicting when the revenue will be recognized can be difficult. Therefore, the revenue in this category is below the same point last fiscal year.

**Use of Money & Property:** Includes realized and unrealized investment income and rental income. Recurring rental income is on target with budget for this fiscal year.

**Other Revenues:** Developer Fees and Miscellaneous Revenues are often one-time revenues and vary year to year. Other Financing Sources are transfers from other City funds for general fund reimbursements for operations related to Community Facilities District 98-02, the Creekside Marketplace Fund, and Real Property Management Fund. These transfers typically take place at the end of the fiscal year. A detailed schedule of General Fund revenues is provided in Figure 4.



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## General Fund Expenditures

As of December 31, 2021, approximately \$40.3 million or 45.77% of the General Fund operating budget has been expended as detailed in Figure 5, below.

FIGURE 5: GENERAL FUND EXPENDITURES BY FUND & FUNCTION

### GENERAL FUND EXPENDITURES - OVERVIEW BY FUND AND FUNCTION

BUDGET CATEGORY	FISCAL YEAR 2021-22				EXPENDITURE COMPARISON		
	AS ADOPTED	AS AMENDED	ACTUAL 12/31/2021	PERCENTAGE BUDGET USED	ACTUAL 12/31/2020	CHANGE FROM PRIOR YEAR	PERCENT CHANGE
<b>GENERAL GOVERNMENT</b>							
City Council	\$284,448	\$284,448	\$132,769	46.68%	\$139,358	(\$6,589)	-4.73%
Administration	\$7,089,705	\$13,777,820	\$11,580,967	84.06%	\$7,331,771	\$4,249,196	57.96%
Communications & Marketing	\$352,974	\$352,974	\$114,844	32.54%	\$119,116	(\$4,272)	-3.59%
Economic Development	\$282,804	\$282,804	\$101,252	35.80%	\$127,106	(\$25,854)	-20.34%
City Attorney	\$930,000	\$930,000	\$423,646	45.55%	\$278,580	\$145,065	52.07%
City Clerk	\$678,928	\$683,452	\$262,975	38.48%	\$303,732	(\$40,756)	-13.42%
Human Resources/Risk Management	\$4,287,836	\$4,644,533	\$2,735,780	58.90%	\$2,580,541	\$155,239	6.02%
Finance	\$1,723,014	\$1,821,797	\$695,595	38.18%	\$665,485	\$30,109	4.52%
Information Systems	\$2,218,735	\$2,342,734	\$1,015,480	43.35%	\$1,098,670	(\$83,190)	-7.57%
Real Property Services	\$1,474,629	\$1,488,669	\$445,931	29.96%	\$108,689	\$337,242	310.28%
<b>Total General Government</b>	<b>\$19,323,073</b>	<b>\$26,609,231</b>	<b>\$17,509,238</b>	<b>65.80%</b>	<b>\$12,753,047</b>	<b>\$4,756,191</b>	<b>37.29%</b>
<b>PUBLIC WORKS</b>							
Operations	\$8,849,523	\$8,944,883	\$3,734,881	41.75%	\$3,615,048	\$119,833	3.31%
Engineering	\$0	\$0	\$0	0.00%	\$653,604	(\$653,604)	-100.00%
Storm Water Program Management	\$0	\$0	\$0	0.00%	\$307,296	(\$307,296)	-100.00%
<b>Total Public Works</b>	<b>\$8,849,523</b>	<b>\$8,944,883</b>	<b>\$3,734,881</b>	<b>41.75%</b>	<b>\$4,575,948</b>	<b>(\$841,067)</b>	<b>-18.38%</b>
<b>DEVELOPMENT SERVICES</b>							
Administration	\$775,041	\$775,394	\$324,285	41.82%	\$235,314	\$88,971	37.81%
Planning	\$893,107	\$976,889	\$367,244	37.59%	\$482,356	(\$115,112)	-23.86%
Building	\$1,567,876	\$1,570,052	\$500,060	31.85%	\$449,816	\$50,245	11.17%
Engineering	\$2,681,131	\$2,834,140	\$880,727	31.08%	\$186,980	\$693,748	371.03%
<b>Total Development Services</b>	<b>\$5,917,155</b>	<b>\$6,156,475</b>	<b>\$2,072,316</b>	<b>33.66%</b>	<b>\$1,354,465</b>	<b>\$717,851</b>	<b>53.00%</b>
<b>PUBLIC SAFETY</b>							
Fire Department	\$18,156,086	\$18,165,737	\$9,111,921	50.16%	\$9,453,719	(\$341,799)	-3.62%
Law Enforcement	\$22,737,062	\$22,737,062	\$5,685,827	25.01%	\$7,234,655	(\$1,548,828)	-21.41%
<b>Total Public Safety</b>	<b>\$40,893,148</b>	<b>\$40,902,799</b>	<b>\$14,797,748</b>	<b>36.18%</b>	<b>\$16,688,374</b>	<b>(\$1,890,626)</b>	<b>-11.33%</b>
<b>PARKS AND RECREATION</b>							
Parks & Recreation	\$3,599,137	\$3,639,415	\$1,588,266	43.64%	\$1,163,263	\$425,003	36.54%
<b>Total Parks And Recreation</b>	<b>\$3,599,137</b>	<b>\$3,639,415</b>	<b>\$1,588,266</b>	<b>43.64%</b>	<b>\$1,163,263</b>	<b>\$425,003</b>	<b>36.54%</b>
<b>OTHER USES</b>							
Transfers Out	\$955,502	\$1,055,502	\$330,000	31.26%	\$380,691	(\$50,691)	-13.32%
Annual Replacement/Rehab Transfers	\$0	\$0	\$0	0.00%	\$0	\$0	0.00%
<b>Total Other Uses</b>	<b>\$955,502</b>	<b>\$1,055,502</b>	<b>\$330,000</b>	<b>31.26%</b>	<b>\$380,691</b>	<b>(\$50,691)</b>	<b>-13.32%</b>
<b>TOTAL GENERAL FUND</b>	<b>\$80,306,022</b>	<b>\$88,123,114</b>	<b>\$40,333,037</b>	<b>45.77%</b>	<b>\$36,915,789</b>	<b>\$3,417,248</b>	<b>9.26%</b>



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Other Uses of the General Fund includes transfers to the Infrastructure Replacement/Rehabilitation, Facilities Replacement & Rehabilitation, and Vehicle Acquisition/Replacement funds as required by City Council's Fiscal Management Policy.

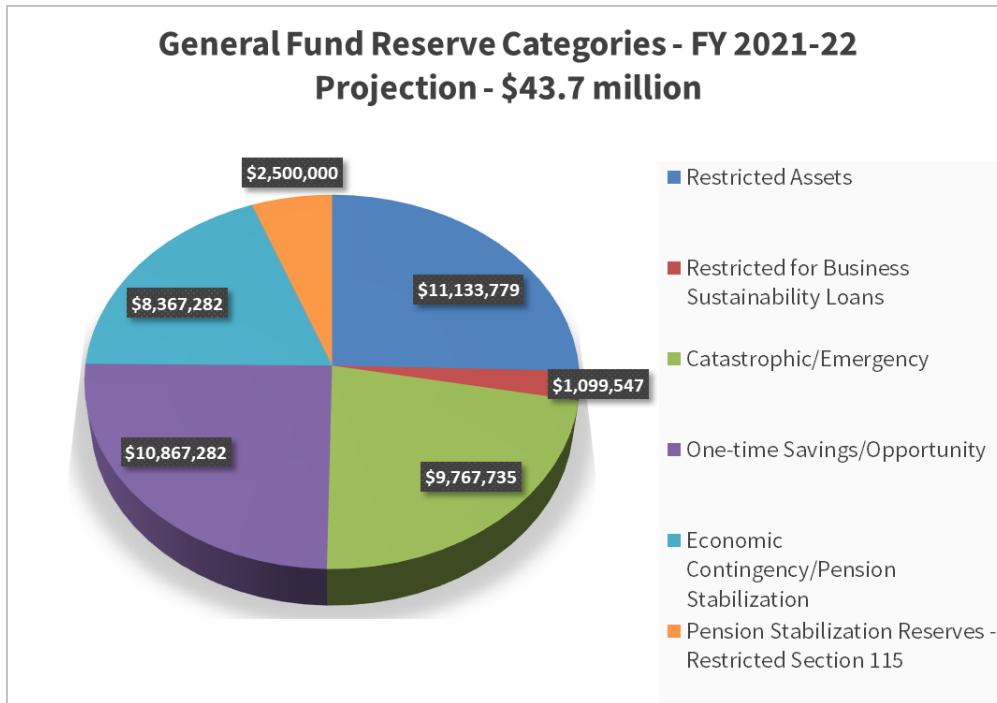
## Fund Balance and Reserves

No additional uses of reserves have been considered for this reporting period. The General Fund Reserve Policy is reviewed by the City Council as part of the annual operating budget review and adoption process. Reserve levels reflected in this reporting period are consistent with the approved budget.

The City commits to maintaining these reserves (total unassigned fund balance) at a minimum of 40% of General Fund annual operating expenditures allocated between Catastrophic/Emergency Reserve ( $33\frac{1}{3}\%$ ), One-time Recurring Savings/Opportunity Reserve ( $33\frac{1}{3}\%$ ) and Economic Contingency/Pension Stabilization Reserve ( $33\frac{1}{3}\%$ ) as demonstrated below in Figure 6.

Business Sustainability Loans are included in the Catastrophic/Emergency Reserve, while reserves put into the Section 115 Pension Trust are part of the Economic Contingency/Pension Stabilization Reserve

FIGURE 6: BUDGETED GENERAL FUND RESERVE BY CATEGORY



## For More Information

This summary report is derived from detailed financial information generated by the City's Finance Department. For questions or more information on this report, please contact the City's Finance Department at (760) 744-1050.