



Quarterly Financial Status Report

As of March 31, 2023





Quarterly Financial Status Report

Finance Department



Overview

This report summarizes the City's financial performance for the three months ended March 31, 2023. 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 March 31, 2023. The figures presented are unaudited.

General Fund

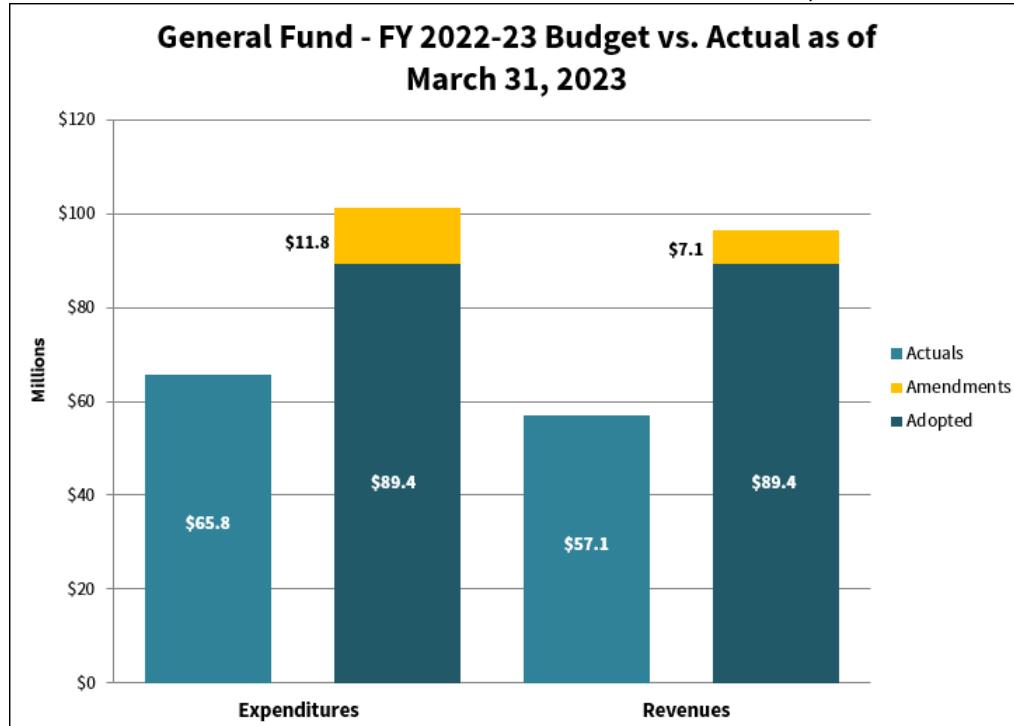
The General Fund is the chief operating fund for the City and includes multiple programs, services, and activities for the citizens of San Marcos.

The Fiscal Year 2022-23 adopted budget for revenues and operating expenses is balanced, at \$89.4 million anticipated expenses and revenues.

On February 14, 2023, the City Council approved the mid-year expense budget of \$97.9 million and the revenue budget of \$96.4 million. This combined with carryover appropriations and encumbered contracts from prior year results in the operating expenditure budget being increased by \$11.8 million.

General Fund revenues are currently 59% of budget, which is trending in-line with pre-pandemic revenue for this time of year. Expenditures are 61%, which is trending on track at this time. The third 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 MARCH 31, 2023





Quarterly Financial Status Report

Finance Department

General Fund Revenues

As of March 31, 2023, approximately \$57.1 million or 59% 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 2022-23				REVENUE COMPARISON		
	AS ADOPTED	AS AMENDED	ACTUAL 3/31/2023	PERCENTAGE BUDGET USED	ACTUAL 3/31/2022	CHANGE FROM PRIOR YEAR	PERCENT CHANGE
TAXES & SPECIAL ASSESSMENTS							
Sales Tax	\$21,889,401	\$22,554,372	\$13,157,607	58.34%	\$12,833,696	\$323,911	2.52%
Property Tax	\$27,358,117	\$27,495,615	\$14,835,479	53.96%	\$13,746,643	\$1,088,836	7.92%
Special Assessments	\$6,337,000	\$6,337,000	\$4,110,931	64.87%	\$3,954,422	\$156,509	3.96%
Transient Occupancy Tax	\$738,856	\$738,856	\$857,993	116.12%	\$584,482	\$273,511	46.80%
Total Taxes & Special Assessments	\$56,323,374	\$57,125,843	\$32,962,009	57.70%	\$31,119,243	\$1,842,766	5.92%
LICENSES & PERMITS							
Franchise Fees	\$4,259,027	\$4,259,027	\$1,929,383	45.30%	\$1,687,949	\$241,434	14.30%
Storm Drain Fees	\$0	\$0	\$0	0.00%	\$0	\$0	0.00%
Building Permit Fees	\$418,000	\$418,000	\$343,123	82.09%	\$323,799	\$19,324	5.97%
Business License Fees	\$239,200	\$239,200	\$178,350	74.56%	\$176,232	\$2,119	1.20%
Other Licenses & Permits	\$722,150	\$722,150	\$749,300	103.76%	\$825,054	(\$75,755)	-9.18%
Total Licenses & Permits	\$5,638,377	\$5,638,377	\$3,200,156	56.76%	\$3,013,034	\$187,122	6.21%
INTERGOVERNMENTAL							
State	\$151,000	\$151,000	\$166,211	110.07%	\$211,615	(\$45,404)	-21.46%
State Grants	\$339,635	\$212,000	\$219,502	103.54%	\$215,543	\$3,959	1.84%
County	\$277,000	\$277,000	\$316,088	114.11%	\$263,264	\$52,824	20.07%
Federal Grants	\$6,424,508	\$6,942,667	\$202,142	2.91%	\$71,589	\$130,552	182.36%
Total Intergovernmental	\$7,192,143	\$7,582,667	\$903,943	11.92%	\$762,012	\$141,931	18.63%
CHARGES FOR SERVICES							
Departmental Services	\$8,083,060	\$8,671,535	\$6,854,028	79.04%	\$7,048,676	(\$194,647)	-2.76%
Reimbursements	\$3,493,770	\$5,990,499	\$3,758,730	62.74%	\$3,132,524	\$626,206	19.99%
Total Charges For Services	\$11,576,830	\$14,662,034	\$10,612,758	72.38%	\$10,181,200	\$431,558	4.24%
FINES & FORFEITURES							
Fines & Forfeitures	\$293,800	\$293,800	\$94,699	32.23%	\$19,657	\$75,042	381.75%
Total Fines & Forfeitures	\$293,800	\$293,800	\$94,699	32.23%	\$19,657	\$75,042	381.75%
USE OF MONEY & PROPERTY							
Rental Income	\$60,000	\$60,000	\$36,000	60.00%	\$40,387	(\$4,387)	-10.86%
Partnership Income	\$900,000	\$900,000	\$480,000	53.33%	\$721,000	(\$241,000)	-33.43%
Interest Income	\$831,000	\$831,000	\$1,405,543	169.14%	(\$314,337)	\$1,719,879	-54.15%
Total Use Of Money & Property	\$1,791,000	\$1,791,000	\$1,921,543	107.29%	\$447,050	\$1,474,492	329.83%
DEVELOPER FEES							
Developer Fees	\$11,500	\$11,500	\$17,071	148.44%	\$16,981	\$90	0.53%
Total Developer Fees	\$11,500	\$11,500	\$17,071	148.44%	\$16,981	\$90	0.53%
MISCELLANEOUS REVENUES							
Donations	\$1,500	\$1,500	\$2	0.13%	\$4,000	(\$3,998)	-99.95%
Other Miscellaneous Revenue	\$115,560	\$120,060	\$75,820	63.15%	\$101,506	(\$25,686)	-25.30%
Total Miscellaneous Revenues	\$117,060	\$121,560	\$75,822	62.37%	\$105,506	(\$29,684)	-28.13%
OTHER SOURCES							
Sales Of Fixed Assets	\$0	\$1,000,000	\$1,000,000	100.00%	\$392,786	\$607,214	154.59%
Operating Transfer In - CM/Other	\$6,479,300	\$8,252,639	\$6,306,724	76.42%	\$4,623,750	\$1,682,974	36.40%
Total Other Sources	\$6,479,300	\$9,252,639	\$7,306,724	78.97%	\$5,016,536	\$2,290,188	45.65%
TOTAL GENERAL FUND	\$89,423,384	\$96,479,420	\$57,094,725	59.18%	\$50,681,219	\$6,413,506	12.65%



Quarterly Financial Status Report

Finance Department

Sales Taxes: The local one cent share of statewide sales occurring October through December, for which San Marcos receives revenue in January, February, and March, was 2.52% higher than the comparable quarter of Fiscal Year 2021-22 and about 20% higher than pre-pandemic fiscal years. Annual receipts will be recognized in the actual quarter they are received.

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 3.7% for fiscal year 2021-22, which is just above the county overall increase rate of 3.6%. 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 1st and June 1st.

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.

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 above 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 quarterly. A detailed schedule of General Fund revenues is provided in Figure 4.



Quarterly Financial Status Report

Finance Department

General Fund Expenditures

As of March 31, 2023, approximately \$65.8 million or 65% 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 2022-23				EXPENDITURE COMPARISON		
	AS ADOPTED	AS AMENDED	ACTUAL 3/31/2023	PERCENTAGE BUDGET USED	ACTUAL 3/31/2022	CHANGE FROM PRIOR YEAR	PERCENT CHANGE
GENERAL GOVERNMENT							
City Council	\$283,294	\$283,294	\$225,057	79.44%	\$214,983	\$10,073	4.69%
Administration	\$9,757,732	\$10,425,289	\$8,550,107	82.01%	\$12,320,191	(\$3,770,084)	-30.60%
Communications & Marketing	\$508,491	\$508,491	\$241,552	47.50%	\$205,626	\$35,926	17.47%
Economic Development	\$335,894	\$341,499	\$183,470	53.72%	\$179,460	\$4,009	2.23%
City Attorney	\$940,000	\$1,040,000	\$560,286	53.87%	\$676,436	(\$116,150)	-17.17%
City Clerk	\$1,165,490	\$922,495	\$536,305	58.14%	\$467,134	\$69,171	14.81%
Human Resources/Risk Management	\$4,096,247	\$4,239,669	\$2,804,324	66.14%	\$3,155,398	(\$351,074)	-11.13%
Finance	\$1,920,249	\$2,327,700	\$1,467,217	63.03%	\$1,191,072	\$276,145	23.18%
Information Systems	\$2,442,924	\$2,788,182	\$1,906,435	68.38%	\$1,630,462	\$275,972	16.93%
Real Property Services	\$141,607	\$145,686	\$85,304	58.55%	\$549,868	(\$544,564)	-84.49%
Total General Government	\$21,591,927	\$23,022,305	\$16,560,056	71.93%	\$20,590,631	(\$4,030,575)	-19.57%
PUBLIC WORKS							
Operations	\$10,259,075	\$13,293,493	\$7,713,099	58.02%	\$6,082,373	\$1,630,726	26.81%
Total Public Works	\$10,259,075	\$13,293,493	\$7,713,099	58.02%	\$6,082,373	\$1,630,726	26.81%
DEVELOPMENT SERVICES							
Administration	\$1,494,468	\$1,511,522	\$937,933	62.05%	\$685,064	\$252,869	36.91%
Planning	\$1,484,910	\$2,750,377	\$853,206	31.02%	\$641,721	\$211,485	32.96%
Building	\$1,491,629	\$1,499,414	\$1,189,563	79.34%	\$864,273	\$325,290	37.64%
Engineering	\$2,386,017	\$2,649,985	\$1,301,202	49.10%	\$1,389,186	(\$87,984)	-6.33%
Total Development Services	\$7,780,427	\$13,087,924	\$8,521,845	65.11%	\$4,160,638	\$4,361,207	19.60%
PUBLIC SAFETY							
Fire Department	\$20,086,338	\$20,894,336	\$13,826,058	66.17%	\$14,202,637	(\$376,579)	-2.65%
Law Enforcement	\$23,374,137	\$23,204,137	\$13,495,337	58.16%	\$13,218,504	\$276,833	2.09%
Total Public Safety	\$43,460,475	\$44,098,473	\$27,321,395	61.96%	\$27,421,141	(\$99,746)	-0.36%
PARKS AND RECREATION							
Parks & Recreation	\$4,135,134	\$4,527,364	\$2,698,850	59.61%	\$2,516,252	\$182,599	7.26%
Total Parks And Recreation	\$4,135,134	\$4,527,364	\$2,698,850	59.61%	\$2,516,252	\$182,599	7.26%
OTHER USES							
Transfers Out	\$931,000	\$1,931,000	\$1,755,735	21.73%	\$2,579,824	(\$824,089)	-31.94%
Annual Replacement/Rehab Transfers	\$1,265,345	\$1,265,345	\$1,265,345	100.00%	\$0	\$1,265,345	0.00%
Total Other Uses	\$2,196,345	\$3,196,345	\$3,021,080	32.33%	\$2,579,824	\$441,256	17.10%
TOTAL GENERAL FUND	\$89,423,383	\$101,225,903	\$65,836,325	65.04%	\$63,350,858	\$2,485,467	3.92%



Quarterly Financial Status Report

Finance Department

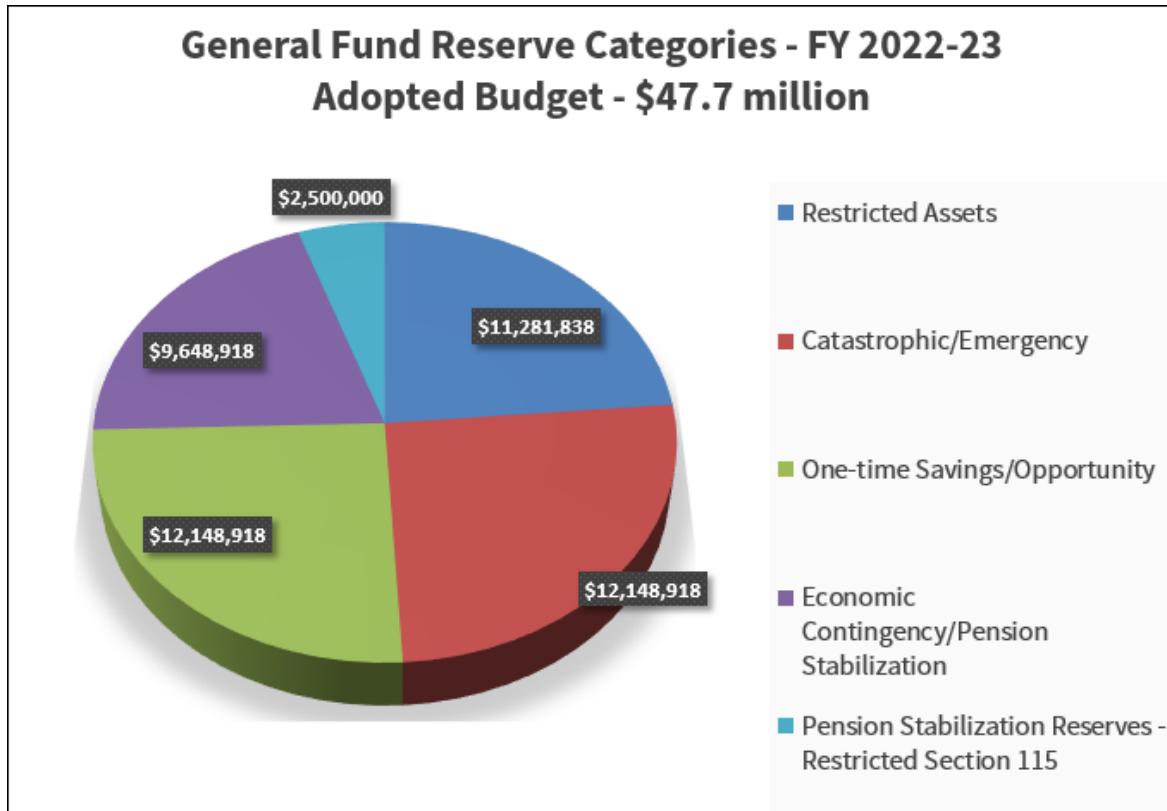
Other Uses of the General Fund includes transfers to the Infrastructure Replacement/Rehabilitation, Facilities Replacement & Rehabilitation, and Vehicle Acquisition/Replacement funds as required by City Council's Fiscal Management Policy.

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 in Figure 6, below.

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.