



## Quarterly Financial Status Report

*As of September 30, 2023*





# Quarterly Financial Status Report

Finance Department

## Overview

This report summarizes the City’s financial performance for the three months ended September 30, 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 September 30, 2023. The figures presented are unaudited.

## General Fund

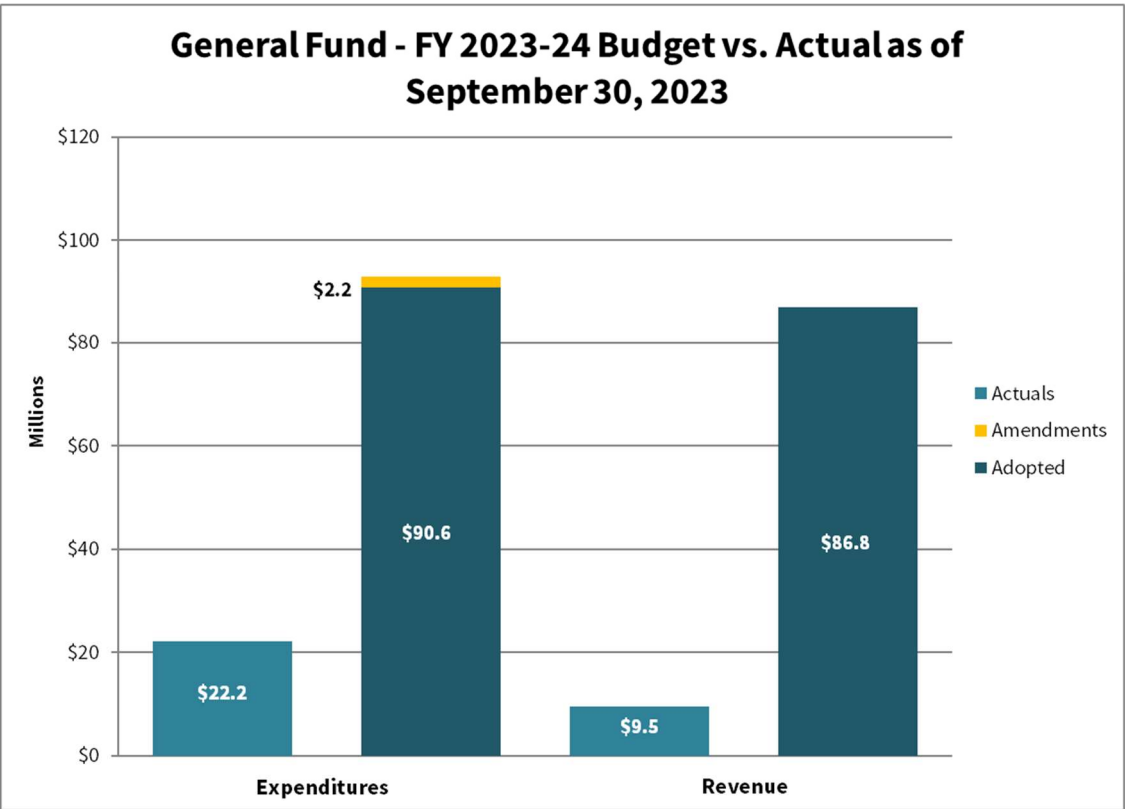
The General Fund is the chief operating fund for the City and includes multiple programs, services, and activities for the citizens of San Marcos.

The Fiscal Year 2023-24 adopted budget for revenues is \$86.8M and the Fiscal Year 2023-24 adopted budget for operating expenses \$90.6M.

The operating expenditure budget has been increased by \$2.2M due to carryover appropriations and encumbered contracts from prior year and budget adjustments in the current fiscal year.

General Fund revenues are 10.9% of budget which typical for this time of year due to the cyclical receipt of most revenues. Expenditures are 22.6%, which is trending on track at this time. The first 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 SEPTEMBER 30, 2023





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## General Fund Revenues

As of September 30, 2023, approximately \$9.5 million or 10.9% of the General Fund operating revenue budget 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 2023-24 |                     |                    |                        | REVENUE COMPARISON |                        |                |
|--|---------------------|---------------------|--------------------|------------------------|--------------------|------------------------|----------------|
|  | AS ADOPTED          | AS AMENDED          | ACTUAL 9/30/2023   | PERCENTAGE BUDGET USED | ACTUAL 9/30/2022   | CHANGE FROM PRIOR YEAR | PERCENT CHANGE |
| <b>TAXES &amp; SPECIAL ASSESSMENTS</b> |                     |                     |                    |                        |                    |                        |                |
| Sales Tax                              | \$22,713,452        | \$22,713,452        | \$1,798,519        | 7.92%                  | \$1,849,874        | (\$51,356)             | -2.78%         |
| Property Tax                           | \$29,253,790        | \$29,253,790        | \$514,037          | 1.76%                  | \$364,453          | \$149,584              | 41.04%         |
| Special Assessments                    | \$6,867,600         | \$6,867,600         | \$6,897            | 0.10%                  | \$5,219            | \$1,678                | 32.16%         |
| Transient Occupancy Tax                | \$1,500,420         | \$1,500,420         | \$0                | 0.00%                  | \$0                | \$0                    | 0.00%          |
| <b>Total Taxes &amp; Special</b>       | <b>\$60,335,262</b> | <b>\$60,335,262</b> | <b>\$2,319,452</b> | <b>3.84%</b>           | <b>\$2,219,546</b> | <b>\$99,907</b>        | <b>4.50%</b>   |
| <b>LICENSES &amp; PERMITS</b>          |                     |                     |                    |                        |                    |                        |                |
| Franchise Fees                         | \$4,301,617         | \$4,301,617         | \$0                | 0.00%                  | \$0                | \$0                    | 0.00%          |
| Storm Drain Fees                       | \$0                 | \$0                 | \$0                | 0.00%                  | \$0                | \$0                    | 0.00%          |
| Building Permit Fees                   | \$420,000           | \$420,000           | \$493,230          | 117.44%                | \$108,649          | \$384,581              | 353.97%        |
| Business License Fees                  | \$239,000           | \$239,000           | \$62,314           | 26.07%                 | \$61,460           | \$854                  | 1.39%          |
| Other Licenses & Permits               | \$858,917           | \$858,917           | \$298,929          | 34.80%                 | \$229,182          | \$69,747               | 30.43%         |
| <b>Total Licenses &amp;</b>            | <b>\$5,819,534</b>  | <b>\$5,819,534</b>  | <b>\$854,473</b>   | <b>14.68%</b>          | <b>\$399,291</b>   | <b>\$455,182</b>       | <b>114.00%</b> |
| <b>INTERGOVERNMENTAL</b>               |                     |                     |                    |                        |                    |                        |                |
| State                                  | \$187,543           | \$187,543           | \$154,117          | 82.18%                 | \$45,856           | \$108,261              | 236.09%        |
| State Grants                           | \$238,000           | \$238,000           | \$0                | 0.00%                  | \$0                | \$0                    | 0.00%          |
| County                                 | \$260,000           | \$260,000           | \$390,147          | 150.06%                | \$91,919           | \$298,228              | 324.45%        |
| Federal Grants                         | \$267,790           | \$267,790           | \$0                | 0.00%                  | \$0                | \$0                    | 0.00%          |
| <b>Total</b>                           | <b>\$953,333</b>    | <b>\$953,333</b>    | <b>\$544,263</b>   | <b>57.09%</b>          | <b>\$137,775</b>   | <b>\$406,489</b>       | <b>295.04%</b> |
| <b>CHARGES FOR SERVICES</b>            |                     |                     |                    |                        |                    |                        |                |
| Departmental Services                  | \$9,834,462         | \$9,834,462         | \$3,530,157        | 35.90%                 | \$2,844,823        | \$685,334              | 24.09%         |
| Reimbursements                         | \$3,157,911         | \$3,157,911         | \$390,087          | 12.35%                 | \$223,005          | \$167,082              | 74.92%         |
| <b>Total Charges For</b>               | <b>\$12,992,373</b> | <b>\$12,992,373</b> | <b>\$3,920,244</b> | <b>30.17%</b>          | <b>\$3,067,828</b> | <b>\$852,416</b>       | <b>27.79%</b>  |
| <b>FINES &amp; FORFEITURES</b>         |                     |                     |                    |                        |                    |                        |                |
| Fines & Forfeitures                    | \$277,455           | \$277,455           | \$38,460           | 13.86%                 | \$18,929           | \$19,531               | 103.18%        |
| <b>Total Fines &amp;</b>               | <b>\$277,455</b>    | <b>\$277,455</b>    | <b>\$38,460</b>    | <b>13.86%</b>          | <b>\$18,929</b>    | <b>\$19,531</b>        | <b>103.18%</b> |
| <b>USE OF MONEY &amp; PROPERTY</b>     |                     |                     |                    |                        |                    |                        |                |
| Rental Income                          | \$44,000            | \$44,000            | \$10,800           | 24.55%                 | \$14,400           | (\$3,600)              | -25.00%        |
| Partnership Income                     | \$900,000           | \$900,000           | \$0                | 0.00%                  | (\$480,000)        | \$480,000              | -100.00%       |
| Interest Income                        | \$840,000           | \$840,000           | \$571,094          | 67.99%                 | \$962,981          | (\$391,887)            | -40.70%        |
| <b>Total Use Of Money &amp;</b>        | <b>\$1,784,000</b>  | <b>\$1,784,000</b>  | <b>\$581,894</b>   | <b>32.62%</b>          | <b>\$497,381</b>   | <b>\$84,513</b>        | <b>16.99%</b>  |
| <b>DEVELOPER FEES</b>                  |                     |                     |                    |                        |                    |                        |                |
| Developer Fees                         | \$18,000            | \$18,000            | \$234              | 1.30%                  | \$13,045           | (\$12,811)             | -98.21%        |
| <b>Total Developer Fees</b>            | <b>\$18,000</b>     | <b>\$18,000</b>     | <b>\$234</b>       | <b>1.30%</b>           | <b>\$13,045</b>    | <b>(\$12,811)</b>      | <b>-98.21%</b> |
| <b>MISCELLANEOUS REVENUES</b>          |                     |                     |                    |                        |                    |                        |                |
| Donations                              | \$2,500             | \$2,500             | \$250              | 10.00%                 | \$0                | \$250                  | 0.00%          |
| Other Miscellaneous                    | \$117,652           | \$117,652           | \$13,736           | 11.68%                 | \$23,590           | (\$9,854)              | -41.77%        |
| <b>Total Miscellaneous</b>             | <b>\$120,152</b>    | <b>\$120,152</b>    | <b>\$13,986</b>    | <b>11.64%</b>          | <b>\$23,590</b>    | <b>(\$9,604)</b>       | <b>-40.71%</b> |
| <b>OTHER SOURCES</b>                   |                     |                     |                    |                        |                    |                        |                |
| Sales Of Fixed Assets                  | \$0                 | \$0                 | \$66,686           | 0.00%                  | \$0                | \$66,686               | 0.00%          |
| Operating Transfer In -                | \$4,458,800         | \$4,458,800         | \$1,114,700        | 25.00%                 | \$1,614,700        | (\$500,000)            | -30.97%        |
| <b>Total Other Sources</b>             | <b>\$4,458,800</b>  | <b>\$4,458,800</b>  | <b>\$1,181,386</b> | <b>26.50%</b>          | <b>\$1,614,700</b> | <b>(\$433,314)</b>     | <b>-26.84%</b> |
| <b>TOTAL GENERAL FUND</b>              | <b>\$86,758,909</b> | <b>\$86,758,909</b> | <b>\$9,454,394</b> | <b>10.90%</b>          | <b>\$7,992,084</b> | <b>\$1,462,309</b>     | <b>18.30%</b>  |





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**Sales Taxes:** The local one cent share of statewide sales occurring April through June, for which San Marcos receives revenue in July, August, and September, was 2.78% lower than the comparable quarter of the prior fiscal year.

**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 7.3% over the prior fiscal year, which is just above the county overall increase rate of 8.4%. 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.

**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 in line with budget.

**Fines & Forfeitures:** Includes vehicle, parking, and court fines as well as miscellaneous penalty fines. Predicting when the revenue is recognized in this category can be challenging, and while these revenues are trending low proportionately for the first quarter, they are in-line with the same time last 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 September 30, 2023, approximately \$22.2 million or 22.6% 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 2023-24 |                     |                     |                        | EXPENDITURE COMPARISON |                        |                |
|------------------------------------|---------------------|---------------------|---------------------|------------------------|------------------------|------------------------|----------------|
|                                    | AS ADOPTED          | AS AMENDED          | ACTUAL 9/30/2023    | PERCENTAGE BUDGET USED | ACTUAL 9/30/2022       | CHANGE FROM PRIOR YEAR | PERCENT CHANGE |
| <b>GENERAL GOVERNMENT</b>          |                     |                     |                     |                        |                        |                        |                |
| City Council                       | \$265,389           | \$265,389           | \$100,970           | 38.05%                 | \$113,058              | (\$12,088)             | -10.69%        |
| Administration                     | \$9,477,002         | \$10,840,041        | \$6,856,498         | 63.25%                 | \$7,279,712            | (\$423,214)            | -5.81%         |
| Communications & Marketing         | \$667,797           | \$681,122           | \$106,284           | 15.60%                 | \$57,192               | \$49,092               | 85.84%         |
| Economic Development               | \$346,950           | \$346,950           | \$63,111            | 18.19%                 | \$57,935               | \$5,176                | 8.93%          |
| City Attorney                      | \$855,000           | \$855,000           | \$141,679           | 16.57%                 | \$164,907              | (\$23,228)             | -14.09%        |
| City Clerk                         | \$478,316           | \$522,526           | \$84,040            | 16.08%                 | \$171,992              | (\$87,953)             | -51.14%        |
| Human Resources/Risk Management    | \$4,022,278         | \$4,093,747         | \$2,231,400         | 54.51%                 | \$1,929,338            | \$302,062              | 15.66%         |
| Finance                            | \$2,313,973         | \$2,443,630         | \$382,112           | 15.64%                 | \$363,314              | \$18,798               | 5.17%          |
| Information Systems                | \$2,272,280         | \$2,298,380         | \$673,239           | 29.29%                 | \$679,660              | (\$6,421)              | -0.94%         |
| Real Property Services             | \$94,199            | \$108,735           | \$1,975             | 1.82%                  | \$14,283               | (\$12,309)             | -86.17%        |
| <b>Total General Government</b>    | <b>\$20,793,184</b> | <b>\$22,455,519</b> | <b>\$10,641,307</b> | <b>47.39%</b>          | <b>\$10,831,392</b>    | <b>(\$190,085)</b>     | <b>-1.75%</b>  |
| <b>PUBLIC WORKS</b>                |                     |                     |                     |                        |                        |                        |                |
| Operations                         | \$12,069,517        | \$12,482,972        | \$2,382,992         | 19.09%                 | \$1,950,159            | \$432,833              | 22.19%         |
| Engineering                        | \$0                 | \$0                 | \$0                 | 0.00%                  | \$0                    | \$0                    | 0.00%          |
| Storm Water Program Management     | \$0                 | \$0                 | \$0                 | 0.00%                  | \$0                    | \$0                    | 0.00%          |
| <b>Total Public Works</b>          | <b>\$12,069,517</b> | <b>\$12,482,972</b> | <b>\$2,382,992</b>  | <b>19.09%</b>          | <b>\$1,950,159</b>     | <b>\$432,833</b>       | <b>22.19%</b>  |
| <b>DEVELOPMENT SERVICES</b>        |                     |                     |                     |                        |                        |                        |                |
| Administration                     | \$1,598,379         | \$1,698,559         | \$328,983           | 19.37%                 | \$243,914              | \$85,068               | 34.88%         |
| Planning                           | \$1,382,353         | \$1,495,130         | \$267,275           | 17.88%                 | \$261,554              | \$5,722                | 2.19%          |
| Building                           | \$1,592,770         | \$1,592,770         | \$269,083           | 16.89%                 | \$295,825              | (\$26,741)             | -9.04%         |
| Engineering                        | \$2,092,472         | \$2,605,904         | \$322,172           | 12.36%                 | \$309,137              | \$13,035               | 4.22%          |
| <b>Total Development Services</b>  | <b>\$6,665,974</b>  | <b>\$7,392,363</b>  | <b>\$1,187,513</b>  | <b>16.06%</b>          | <b>\$1,110,429</b>     | <b>\$77,083</b>        | <b>6.94%</b>   |
| <b>PUBLIC SAFETY</b>               |                     |                     |                     |                        |                        |                        |                |
| Fire Department                    | \$21,561,202        | \$21,693,519        | \$4,474,856         | 20.63%                 | \$4,122,842            | \$352,014              | 8.54%          |
| Law Enforcement                    | \$23,361,084        | \$23,361,968        | \$2,022,652         | 8.66%                  | \$1,929,599            | \$93,053               | 4.82%          |
| <b>Total Public Safety</b>         | <b>\$44,922,286</b> | <b>\$45,055,487</b> | <b>\$6,497,508</b>  | <b>14.42%</b>          | <b>\$6,052,441</b>     | <b>\$445,067</b>       | <b>7.35%</b>   |
| <b>PARKS AND RECREATION</b>        |                     |                     |                     |                        |                        |                        |                |
| Parks & Recreation                 | \$4,482,980         | \$4,561,076         | \$1,230,619         | 26.98%                 | \$996,511              | \$234,109              | 23.49%         |
| <b>Total Parks And Recreation</b>  | <b>\$4,482,980</b>  | <b>\$4,561,076</b>  | <b>\$1,230,619</b>  | <b>26.98%</b>          | <b>\$996,511</b>       | <b>\$234,109</b>       | <b>23.49%</b>  |
| <b>OTHER USES</b>                  |                     |                     |                     |                        |                        |                        |                |
| Transfers Out                      | \$831,000           | \$831,000           | \$171,215           | 3.12%                  | \$277,663              | (\$106,448)            | -38.34%        |
| Annual Replacement/Rehab Transfers | \$0                 | \$0                 | \$0                 | 0.00%                  | \$1,265,345            | (\$1,265,345)          | -100.00%       |
| <b>Total Other Uses</b>            | <b>\$831,000</b>    | <b>\$831,000</b>    | <b>\$171,215</b>    | <b>3.12%</b>           | <b>\$1,543,008</b>     | <b>(\$1,371,793)</b>   | <b>-88.90%</b> |
| <b>TOTAL GENERAL FUND</b>          | <b>\$90,582,910</b> | <b>\$92,778,416</b> | <b>\$22,184,156</b> | <b>22.57%</b>          | <b>\$22,790,243</b>    | <b>(\$606,087)</b>     | <b>-2.66%</b>  |

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.



# Quarterly Financial Status Report

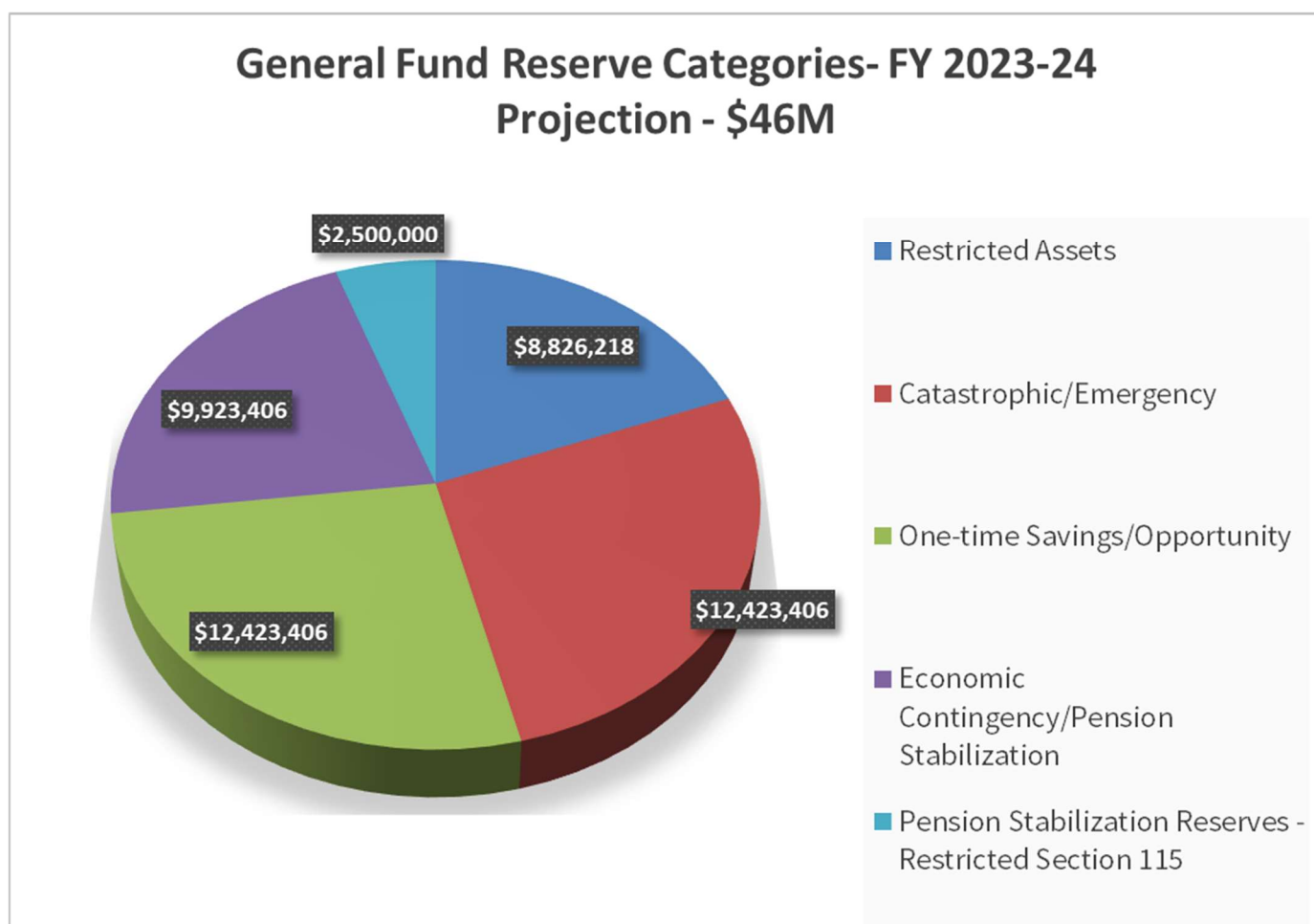
Finance Department

## 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.