



## Quarterly Financial Status Report

*As of December 31, 2023*





# Quarterly Financial Status Report

Finance Department



## Overview

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

## General Fund

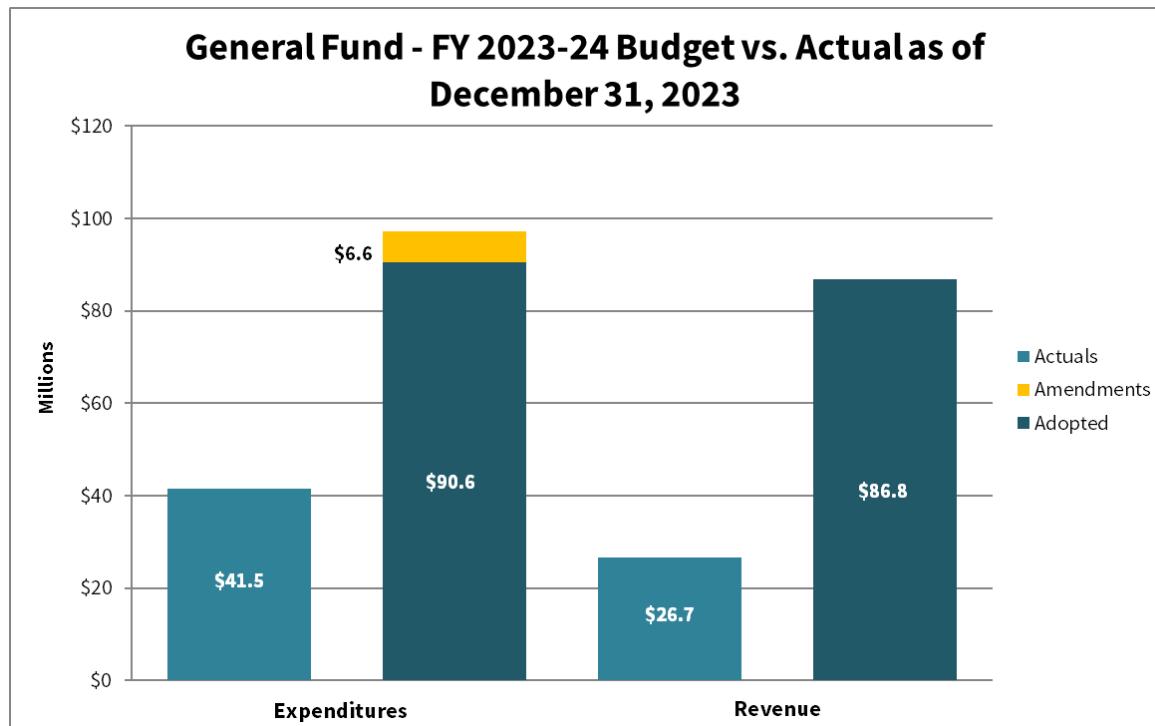
The General Fund is the chief operating fund for the City and includes multiple programs, services, and activities for the citizens of San Marcos.

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

The operating expenditure budget has been increased by \$6.6M due to carryover appropriations and encumbered contracts from prior year and budget adjustments in the current fiscal year.

General Fund revenues are 30.8% of the budget, which is typical for this time of year due to the cyclical receipt of most revenues. Expenditures are 42.7%, 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 1, below.

FIGURE 1





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## General Fund Revenues

As of December 31, 2023, approximately \$26.7 million or 30.8% of the General Fund operating revenue budget has been received as detailed in Figure 2, below.

FIGURE 2

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

| BUDGET CATEGORY                              | FISCAL YEAR 2023-24 |                     |                     |                        | REVENUE COMPARISON  |                        |                |
|--|---------------------|---------------------|---------------------|------------------------|---------------------|------------------------|----------------|
|  | AS ADOPTED          | AS AMENDED          | ACTUAL 12/31/2023   | PERCENTAGE BUDGET USED | ACTUAL 12/31/2022   | CHANGE FROM PRIOR YEAR | PERCENT CHANGE |
| <b>TAXES &amp; SPECIAL ASSESSMENTS</b>       |                     |                     |                     |                        |                     |                        |                |
| Sales Tax                                    | \$22,713,452        | \$22,713,452        | \$7,240,358         | 31.88%                 | \$7,534,787         | (\$294,428)            | -3.91%         |
| Property Tax                                 | \$29,253,790        | \$29,253,790        | \$4,263,869         | 14.58%                 | \$3,887,927         | \$375,942              | 9.67%          |
| Special Assessments                          | \$6,867,600         | \$6,867,600         | \$1,715,256         | 24.98%                 | \$1,682,902         | \$32,355               | 1.92%          |
| Transient Occupancy Tax                      | \$1,500,420         | \$1,500,420         | \$463,352           | 30.88%                 | \$485,469           | (\$22,117)             | -4.56%         |
| <b>Total Taxes &amp; Special Assessments</b> | <b>\$60,335,262</b> | <b>\$60,335,262</b> | <b>\$13,682,836</b> | <b>22.68%</b>          | <b>\$13,591,085</b> | <b>\$91,751</b>        | <b>0.68%</b>   |
| <b>LICENSES &amp; PERMITS</b>                |                     |                     |                     |                        |                     |                        |                |
| Franchise Fees                               | \$4,301,617         | \$4,301,617         | \$1,073,041         | 24.95%                 | \$1,006,496         | \$66,545               | 6.61%          |
| Storm Drain Fees                             | \$0                 | \$0                 | \$0                 | 0.00%                  | \$0                 | \$0                    | 0.00%          |
| Building Permit Fees                         | \$420,000           | \$420,000           | \$535,387           | 127.47%                | \$226,688           | \$308,699              | 136.18%        |
| Business License Fees                        | \$239,000           | \$239,000           | \$115,022           | 48.13%                 | \$114,840           | \$182                  | 0.16%          |
| Other Licenses & Permits                     | \$858,917           | \$858,917           | \$403,592           | 46.99%                 | \$465,596           | (\$62,005)             | -13.32%        |
| <b>Total Licenses &amp; Permits</b>          | <b>\$5,819,534</b>  | <b>\$5,819,534</b>  | <b>\$2,127,041</b>  | <b>36.55%</b>          | <b>\$1,813,620</b>  | <b>\$313,421</b>       | <b>17.28%</b>  |
| <b>INTERGOVERNMENTAL</b>                     |                     |                     |                     |                        |                     |                        |                |
| State  | \$187,543           | \$187,543           | \$162,433           | 86.61%                 | \$48,734            | \$113,699              | 233.31%        |
| State Grants                                 | \$238,000           | \$238,000           | \$185,886           | 78.10%                 | \$133,731           | \$52,155               | 39.00%         |
| County                                       | \$260,000           | \$260,000           | \$394,473           | 151.72%                | \$209,654           | \$184,819              | 88.15%         |
| Federal Grants                               | \$267,790           | \$267,790           | \$96,394            | 36.00%                 | \$168,956           | (\$72,562)             | -42.95%        |
| <b>Total Intergovernmental</b>               | <b>\$953,333</b>    | <b>\$953,333</b>    | <b>\$839,186</b>    | <b>88.03%</b>          | <b>\$561,075</b>    | <b>\$278,112</b>       | <b>49.57%</b>  |
| <b>CHARGES FOR SERVICES</b>                  |                     |                     |                     |                        |                     |                        |                |
| Departmental Services                        | \$9,834,462         | \$9,834,462         | \$5,388,329         | 54.79%                 | \$4,640,395         | \$747,935              | 16.12%         |
| Reimbursements                               | \$3,157,911         | \$3,157,911         | \$1,314,408         | 41.62%                 | \$2,956,462         | (\$1,642,054)          | -55.54%        |
| <b>Total Charges For Services</b>            | <b>\$12,992,373</b> | <b>\$12,992,373</b> | <b>\$6,702,738</b>  | <b>51.59%</b>          | <b>\$7,596,857</b>  | <b>(\$894,119)</b>     | <b>-11.77%</b> |
| <b>FINES &amp; FORFEITURES</b>               |                     |                     |                     |                        |                     |                        |                |
| Fines & Forfeitures                          | \$277,455           | \$277,455           | \$89,487            | 32.25%                 | \$66,751            | \$22,736               | 34.06%         |
| <b>Total Fines &amp; Forfeitures</b>         | <b>\$277,455</b>    | <b>\$277,455</b>    | <b>\$89,487</b>     | <b>32.25%</b>          | <b>\$66,751</b>     | <b>\$22,736</b>        | <b>34.06%</b>  |
| <b>USE OF MONEY &amp; PROPERTY</b>           |                     |                     |                     |                        |                     |                        |                |
| Rental Income                                | \$44,000            | \$44,000            | \$25,765            | 58.56%                 | \$25,200            | \$565                  | 2.24%          |
| Partnership Income                           | \$900,000           | \$900,000           | \$0                 | 0.00%                  | \$0                 | \$0                    | 0.00%          |
| Interest Income                              | \$840,000           | \$840,000           | \$881,811           | 104.98%                | \$1,171,928         | (\$290,117)            | -24.76%        |
| <b>Total Use Of Money &amp; Property</b>     | <b>\$1,784,000</b>  | <b>\$1,784,000</b>  | <b>\$907,576</b>    | <b>50.87%</b>          | <b>\$1,197,128</b>  | <b>(\$289,552)</b>     | <b>-24.19%</b> |
| <b>DEVELOPER FEES</b>                        |                     |                     |                     |                        |                     |                        |                |
| Developer Fees                               | \$18,000            | \$18,000            | \$10,197            | 56.65%                 | \$13,045            | (\$2,848)              | -21.83%        |
| <b>Total Developer Fees</b>                  | <b>\$18,000</b>     | <b>\$18,000</b>     | <b>\$10,197</b>     | <b>56.65%</b>          | <b>\$13,045</b>     | <b>(\$2,848)</b>       | <b>-21.83%</b> |
| <b>MISCELLANEOUS REVENUES</b>                |                     |                     |                     |                        |                     |                        |                |
| Donations                                    | \$2,500             | \$2,500             | \$3,256             | 130.25%                | \$0                 | \$3,256                | 0.00%          |
| Other Miscellaneous Revenue                  | \$117,652           | \$117,652           | \$34,728            | 29.52%                 | \$64,442            | (\$29,713)             | -46.11%        |
| <b>Total Miscellaneous Revenues</b>          | <b>\$120,152</b>    | <b>\$120,152</b>    | <b>\$37,985</b>     | <b>31.61%</b>          | <b>\$64,442</b>     | <b>(\$26,457)</b>      | <b>-41.06%</b> |
| <b>OTHER SOURCES</b>                         |                     |                     |                     |                        |                     |                        |                |
| Sales Of Fixed Assets                        | \$0                 | \$0                 | \$66,686            | 0.00%                  | \$1,000,000         | (\$933,314)            | -93.33%        |
| Operating Transfer In - CM/Other             | \$4,458,800         | \$4,458,800         | \$2,229,400         | 50.00%                 | \$3,229,400         | (\$1,000,000)          | -30.97%        |
| <b>Total Other Sources</b>                   | <b>\$4,458,800</b>  | <b>\$4,458,800</b>  | <b>\$2,296,086</b>  | <b>51.50%</b>          | <b>\$4,229,400</b>  | <b>(\$1,933,314)</b>   | <b>-45.71%</b> |
| <b>TOTAL GENERAL FUND</b>                    | <b>\$86,758,909</b> | <b>\$86,758,909</b> | <b>\$26,693,132</b> | <b>30.77%</b>          | <b>\$29,133,402</b> | <b>(\$2,440,271)</b>   | <b>-8.38%</b>  |



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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 October, November and December, was 3.91% 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 under 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. Franchise fees continue to perform well in this category, and higher volume of development permits have also increased building permits revenue compared to last 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 and is currently higher than anticipated for the second quarter due to higher fire mitigation activity, as required for compliance with county fire safety standards.

**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 the budget but is lower compared to last year due to decrease in fire overtime resulting from a slower fire season.

**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, however they are slightly higher than the same time last year.

**Use of Money & Property:** Includes realized and unrealized investment income and rental income. Recurring partnership income is below budget targets as this time due to unexpected vacancies in partner properties.

**Other Revenues:** Developer Fees and Miscellaneous Revenues are often one-time revenues and vary year to year. Other 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 2.



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## General Fund Expenditures

As of December 31, 2023, approximately \$41.5 million or 42.7% of the General Fund operating budget has been expended as detailed in Figure 3, below.

FIGURE 3

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

| BUDGET CATEGORY                    | FISCAL YEAR 2023-24 |                     |                     |                        | EXPENDITURE COMPARISON |                        |                |
|------------------------------------|---------------------|---------------------|---------------------|------------------------|------------------------|------------------------|----------------|
|                                    | AS ADOPTED          | AS AMENDED          | ACTUAL 12/31/2023   | PERCENTAGE BUDGET USED | ACTUAL 12/31/2022      | CHANGE FROM PRIOR YEAR | PERCENT CHANGE |
| <b>GENERAL GOVERNMENT</b>          |                     |                     |                     |                        |                        |                        |                |
| City Council                       | \$265,389           | \$265,389           | \$132,843           | 50.06%                 | \$150,358              | (\$17,515)             | -11.65%        |
| Administration                     | \$9,477,002         | \$9,731,889         | \$7,421,384         | 68.47%                 | \$7,735,093            | (\$313,710)            | -4.06%         |
| Communications & Marketing         | \$667,797           | \$681,537           | \$217,525           | 31.92%                 | \$142,257              | \$75,268               | 52.91%         |
| Economic Development               | \$346,950           | \$346,950           | \$100,597           | 28.99%                 | \$133,270              | (\$32,673)             | -24.52%        |
| City Attorney                      | \$855,000           | \$855,000           | \$340,400           | 39.81%                 | \$365,325              | (\$24,926)             | -6.82%         |
| City Clerk                         | \$478,316           | \$522,526           | \$192,849           | 36.91%                 | \$378,074              | (\$185,224)            | -48.99%        |
| Human Resources/Risk Management    | \$4,022,278         | \$4,093,747         | \$2,794,427         | 68.26%                 | \$2,316,572            | \$477,855              | 20.63%         |
| Finance                            | \$2,313,973         | \$2,437,190         | \$825,864           | 33.89%                 | \$859,468              | (\$33,604)             | -3.91%         |
| Information Systems                | \$2,272,280         | \$2,304,820         | \$1,110,305         | 48.17%                 | \$1,249,097            | (\$138,792)            | -11.11%        |
| Real Property Services             | \$94,199            | \$108,735           | \$10,126            | 9.31%                  | \$37,688               | (\$27,562)             | -73.13%        |
| <b>Total General Government</b>    | <b>\$20,793,184</b> | <b>\$21,347,782</b> | <b>\$13,146,319</b> | <b>58.54%</b>          | <b>\$13,367,202</b>    | <b>(\$220,884)</b>     | <b>-1.65%</b>  |
| <b>PUBLIC WORKS</b>                |                     |                     |                     |                        |                        |                        |                |
| Operations                         | \$12,069,517        | \$12,482,972        | \$5,358,907         | 42.93%                 | \$4,616,418            | \$742,489              | 16.08%         |
| 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>\$5,358,907</b>  | <b>42.93%</b>          | <b>\$4,616,418</b>     | <b>\$742,489</b>       | <b>16.08%</b>  |
| <b>DEVELOPMENT SERVICES</b>        |                     |                     |                     |                        |                        |                        |                |
| Administration                     | \$1,598,379         | \$1,698,559         | \$670,558           | 39.48%                 | \$521,172              | \$149,386              | 28.66%         |
| Planning                           | \$1,382,353         | \$1,495,130         | \$564,750           | 37.77%                 | \$540,231              | \$24,519               | 4.54%          |
| Building                           | \$1,592,770         | \$1,592,770         | \$898,800           | 56.43%                 | \$659,401              | \$239,399              | 36.31%         |
| Engineering                        | \$2,092,472         | \$2,605,904         | \$780,239           | 29.94%                 | \$795,665              | (\$15,426)             | -1.94%         |
| Watershed Program Management       | \$817,969           | \$831,986           | \$263,724           | 31.70%                 | \$4,250,315            | (\$3,986,591)          | -93.80%        |
| <b>Total Development Services</b>  | <b>\$7,483,943</b>  | <b>\$8,224,348</b>  | <b>\$3,178,070</b>  | <b>38.64%</b>          | <b>\$2,516,469</b>     | <b>\$397,877</b>       | <b>15.81%</b>  |
| <b>PUBLIC SAFETY</b>               |                     |                     |                     |                        |                        |                        |                |
| Fire Department                    | \$21,561,202        | \$21,693,519        | \$9,489,798         | 43.74%                 | \$8,484,316            | \$1,005,482            | 11.85%         |
| Law Enforcement                    | \$23,361,084        | \$23,361,968        | \$7,843,358         | 33.57%                 | \$7,735,095            | \$108,264              | 1.40%          |
| <b>Total Public Safety</b>         | <b>\$44,922,286</b> | <b>\$45,055,487</b> | <b>\$17,333,157</b> | <b>38.47%</b>          | <b>\$16,219,411</b>    | <b>\$1,113,746</b>     | <b>6.87%</b>   |
| <b>PARKS AND RECREATION</b>        |                     |                     |                     |                        |                        |                        |                |
| Parks & Recreation                 | \$4,482,980         | \$4,561,076         | \$2,152,710         | 47.20%                 | \$1,781,803            | \$370,907              | 20.82%         |
| <b>Total Parks And Recreation</b>  | <b>\$4,482,980</b>  | <b>\$4,561,076</b>  | <b>\$2,152,710</b>  | <b>47.20%</b>          | <b>\$1,781,803</b>     | <b>\$370,907</b>       | <b>20.82%</b>  |
| <b>OTHER USES</b>                  |                     |                     |                     |                        |                        |                        |                |
| Transfers Out                      | \$831,000           | \$5,492,237         | \$336,215           | 6.12%                  | \$510,773              | (\$174,558)            | -34.18%        |
| 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>\$5,492,237</b>  | <b>\$336,215</b>    | <b>6.12%</b>           | <b>\$1,776,118</b>     | <b>(\$1,439,903)</b>   | <b>-81.07%</b> |
| <b>TOTAL GENERAL FUND</b>          | <b>\$90,582,910</b> | <b>\$97,163,902</b> | <b>\$41,505,378</b> | <b>42.72%</b>          | <b>\$44,225,292</b>    | <b>(\$2,719,914)</b>   | <b>-6.15%</b>  |

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



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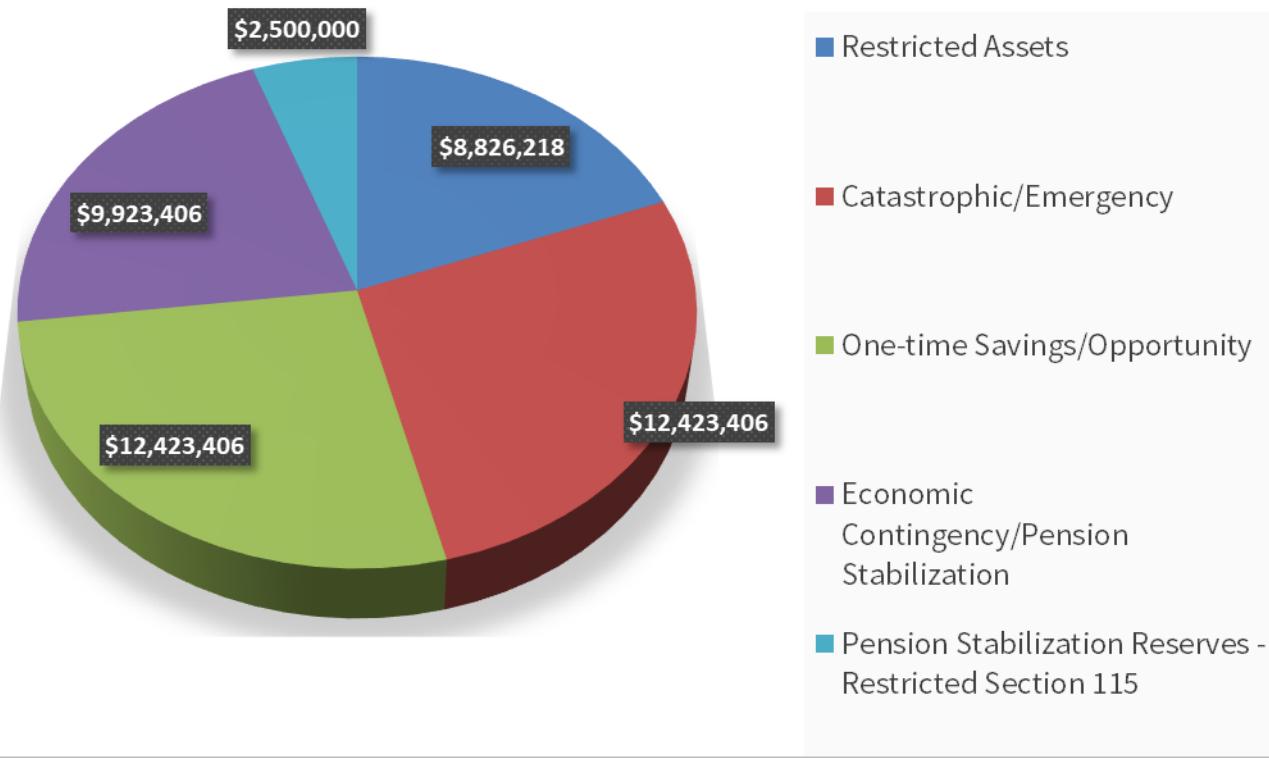
## Fund Balance and Reserves

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 4, below.

FIGURE 4:

### General Fund Reserve Categories- FY 2023-24 Projection - \$46M



## 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.