



Quarterly Financial Status Report

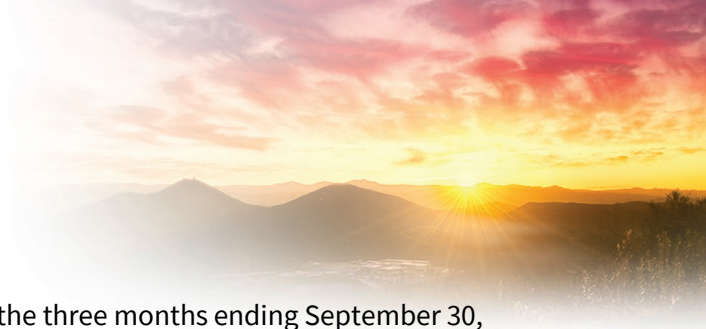
As of September 30, 2025





Quarterly Financial Status Report

Finance Department



Overview

This report summarizes the City's financial performance for the three months ending September 30, 2025. 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, 2025. The figures presented are unaudited.

General Fund

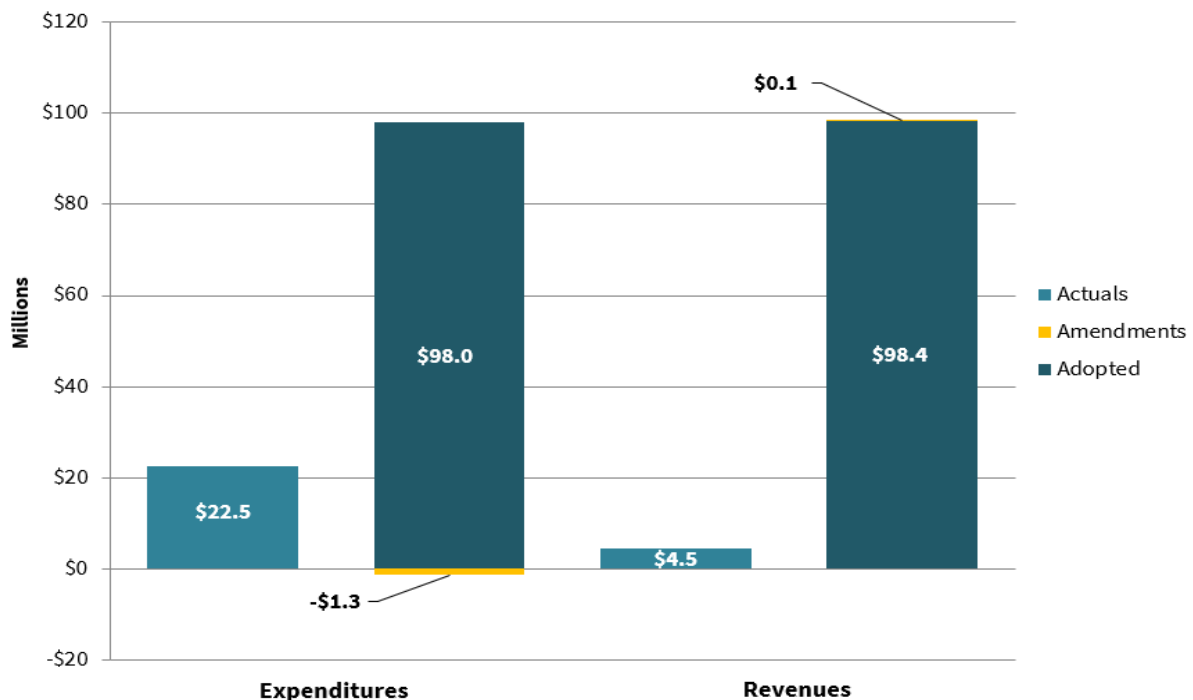
The General Fund is the chief operating fund for the City and includes multiple programs, services, and activities for the citizens of San Marcos.

The Fiscal Year 2025-26 adopted budget for revenues is \$98.4M and the Fiscal Year 2025-26 adopted budget for operating expenses \$98.0M.

The operating expenditure budget has decreased by \$1.3M due to budget adjustments in the current fiscal year. The operating revenue budget has added \$74,666 due to anticipated federal grants.

General Fund revenues are 4.5% of budget which is significantly less for this time of year due to delayed receipts of sales and property taxes. Expenditures are 23.3%, which is trending slightly lower due to delay in sheriff contract invoicing. 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, 2025.





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General Fund Revenues

As of September 30, 2025, approximately \$4.5M or 4.5% 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

BUDGET CATEGORY	FISCAL YEAR 2025-26				REVENUE COMPARISON		
	AS ADOPTED	AS AMENDED	ACTUAL 9/30/2025	PERCENTAGE BUDGET USED	ACTUAL 9/30/2024	CHANGE FROM PRIOR YEAR	PERCENT CHANGE
TAXES & SPECIAL ASSESSMENTS							
Sales Tax	\$22,009,320	\$22,009,320	\$0	0.00%	\$1,813,354	(\$1,813,354)	-100.00%
Property Tax	\$33,863,177	\$33,863,177	\$170,307	0.50%	\$475,565	(\$305,257)	-64.19%
Special Assessments	\$7,822,600	\$7,822,600	\$10,698	0.14%	\$7,116	\$3,582	50.34%
Transient Occupancy Tax	\$1,928,000	\$1,928,000	\$0	0.00%	\$0	\$0	0.00%
Total Taxes & Special Assessments	\$65,623,097	\$65,623,097	\$181,005	0.28%	\$2,296,035	(\$2,115,029)	-92.12%
LICENSES & PERMITS							
Franchise Fees	\$5,910,000	\$5,910,000	(\$1)	0.00%	\$0	(\$1)	0.00%
Building Permit Fees	\$520,000	\$520,000	\$46,373	8.92%	\$79,195	(\$32,822)	-41.44%
Business License Fees	\$338,600	\$338,600	\$93,994	27.76%	\$62,866	\$612	0.97%
Other Licenses & Permits	\$1,124,363	\$1,124,363	\$278,257	24.75%	\$251,841	\$26,416	10.49%
Total Licenses & Permits	\$7,892,963	\$7,892,963	\$418,623	5.30%	\$393,902	(\$5,795)	-1.47%
INTERGOVERNMENTAL							
State	\$255,000	\$255,000	\$627	0.25%	\$83,018	(\$82,391)	-99.24%
State Grants	\$459,500	\$459,500	\$0	0.00%	\$0	\$0	0.00%
County	\$320,000	\$320,000	\$1,260	0.39%	\$69,208	(\$67,948)	-98.18%
Federal Grants	\$0	\$74,666	\$7,886	10.56%	\$0	\$7,886	0.00%
Total Intergovernmental	\$1,034,500	\$1,109,166	\$9,773	0.88%	\$152,226	(\$111,101)	-72.98%
CHARGES FOR SERVICES							
Departmental Services	\$10,367,685	\$10,367,685	\$3,271,514	31.55%	\$3,497,041	(\$225,527)	-6.45%
Reimbursements	\$4,324,000	\$4,324,000	\$236,093	5.46%	\$370,776	(\$134,683)	-36.32%
Total Charges For Services	\$14,691,685	\$14,691,685	\$3,507,606	23.87%	\$3,867,816	(\$360,210)	-9.31%
FINES & FORFEITURES							
Fines & Forfeitures	\$492,000	\$492,000	\$80,754	16.41%	\$76,976	\$3,778	4.91%
Total Fines & Forfeitures	\$492,000	\$492,000	\$80,754	16.41%	\$76,976	\$3,778	4.91%
USE OF MONEY & PROPERTY							
Rental Income	\$33,500	\$33,500	\$4,800	14.33%	\$6,800	(\$2,000)	-29.41%
Partnership Income	\$540,000	\$540,000	\$0	0.00%	\$0	\$0	0.00%
Interest Income	\$940,000	\$940,000	\$223,207	23.75%	\$366,878	(\$143,671)	-39.16%
Total Use Of Money & Property	\$1,513,500	\$1,513,500	\$228,007	15.06%	\$373,678	(\$145,671)	-38.98%
DEVELOPER FEES							
Developer Fees	\$20,000	\$20,000	\$0	0.00%	\$0	\$0	0.00%
Total Developer Fees	\$20,000	\$20,000	\$0	0.00%	\$0	\$0	0.00%
MISCELLANEOUS REVENUES							
Donations	\$8,000	\$8,000	\$1,028	12.85%	\$3,325	(\$2,298)	-69.09%
Other Miscellaneous Revenue	\$221,200	\$221,200	\$23,844	10.78%	\$35,177	(\$11,333)	-32.22%
Total Miscellaneous Revenues	\$229,200	\$229,200	\$24,872	10.85%	\$38,503	(\$13,631)	-35.40%
OTHER SOURCES							
Sales Of Fixed Assets	\$0	\$0	\$0	0.00%	\$0	\$0	0.00%
Operating Transfer In – CM/Other	\$6,891,800	\$6,891,800	\$0	0.00%	\$875,000	(\$875,000)	-100.00%
Total Other Sources	\$6,891,800	\$6,891,800	\$0	0.00%	\$875,000	(\$875,000)	-100.00%
TOTAL GENERAL FUND	\$98,388,745	\$98,463,411	\$4,450,640	4.52%	\$8,074,136	(\$3,592,144)	-44.49%



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

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 8.9% over the prior fiscal year, which is just above the county overall increase rate of 5.5%. 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 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 fluctuates year over year. At this point last fiscal year, revenues are trending in-line with the first quarter of the fiscal year.

Use of Money & Property: Includes realized and unrealized investment income and rental income. Investment income is slightly behind in the first quarter but 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 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, 2025, approximately \$22.5M or 23.3% of the General Fund operating budget has been expended as detailed in Figure 5, below.

FIGURE 5: GENERAL FUND EXPENDITURES BY FUND & FUNCTION

BUDGET CATEGORY	FISCAL YEAR 2025-26				EXPENDITURE COMPARISON		
	AS ADOPTED	AS AMENDED	ACTUAL 9/30/2025	PERCENTAGE BUDGET USED	ACTUAL 9/30/2024	CHANGE FROM PRIOR YEAR	PERCENT CHANGE
GENERAL GOVERNMENT							
City Council	\$276,917	\$276,917	\$173,745	62.74%	\$112,446	\$61,299	54.51%
Administration	\$9,931,163	\$10,006,607	\$7,470,163	74.65%	\$7,804,129	(\$333,967)	-4.28%
Communications & Marketing	\$494,276	\$514,276	\$97,753	19.01%	\$53,875	\$43,878	81.45%
Economic Development	\$676,616	\$676,616	\$132,919	19.64%	\$84,744	\$48,175	56.85%
City Attorney	\$855,000	\$855,000	\$168,279	19.68%	\$151,951	\$16,328	10.75%
City Clerk	\$838,298	\$838,298	\$177,305	21.15%	\$116,154	\$61,151	52.65%
Human Resources/Risk Management	\$4,521,963	\$4,332,264	\$2,495,119	57.59%	\$2,844,248	(\$349,129)	-12.27%
Finance	\$2,116,422	\$2,203,626	\$376,631	17.09%	\$272,369	\$104,263	38.28%
Information Systems	\$3,464,442	\$3,525,309	\$908,284	25.76%	\$734,074	\$174,210	23.73%
Real Property Services	\$33,525	\$47,879	\$7,257	15.16%	\$23,940	(\$16,683)	-69.69%
Total General Government	\$23,208,622	\$23,276,791	\$12,007,454	51.59%	\$12,197,929	(\$190,475)	-1.56%
PUBLIC WORKS							
Operations	\$11,537,942	\$12,118,216	\$2,053,630	16.95%	\$2,470,619	(\$416,990)	-16.88%
Total Public Works	\$11,537,942	\$12,118,216	\$2,053,630	16.95%	\$2,470,619	(\$416,990)	-16.88%
DEVELOPMENT SERVICES							
Administration	\$1,237,473	\$1,259,472	\$251,244	19.95%	\$259,196	(\$7,952)	-3.07%
Planning	\$2,077,493	\$2,194,806	\$317,131	14.45%	\$289,425	\$27,707	9.57%
Building	\$0	\$73,000	\$3,822	5.24%	\$340,469	(\$336,647)	-98.88%
Engineering	\$3,009,307	\$3,360,989	\$405,314	12.06%	\$345,606	\$59,708	17.28%
Storm Water Program Management	\$939,254	\$941,393	\$139,067	14.77%	\$130,611	\$8,456	6.47%
Total Development Services	\$7,263,527	\$7,829,660	\$1,116,578	14.26%	\$1,365,307	(\$248,728)	-18.22%
PUBLIC SAFETY							
Fire Department	\$25,324,773	\$25,528,755	\$5,932,955	23.24%	\$4,674,022	\$1,258,933	26.93%
Law Enforcement	\$25,096,100	\$25,099,523	\$155,500	0.62%	\$2,130,018	(\$1,974,519)	-92.70%
Total Public Safety	\$50,420,873	\$50,628,278	\$6,088,455	12.03%	\$6,804,040	(\$715,586)	-10.52%
PARKS AND RECREATION							
Parks & Recreation	\$4,692,759	\$4,692,759	\$1,247,991	26.59%	\$1,184,019	\$63,972	5.40%
Total Parks And Recreation	\$4,692,759	\$4,692,759	\$1,247,991	26.59%	\$1,184,019	\$63,972	5.40%
OTHER USES							
Transfers Out	\$831,000	(\$1,909,000)	\$0	0.00%	\$282,750	(\$282,750)	-100.00%
Annual Replacement/Rehab Transfers	\$0	\$0	\$0	0.00%	\$0	\$0	0.00%
Total Other Uses	\$831,000	(\$1,909,000)	\$0	0.00%	\$282,750	(\$282,750)	-100.00%
TOTAL GENERAL FUND	\$97,954,723	\$96,636,704	\$22,514,108	23.30%	\$24,304,664	(\$1,790,557)	-7.37%

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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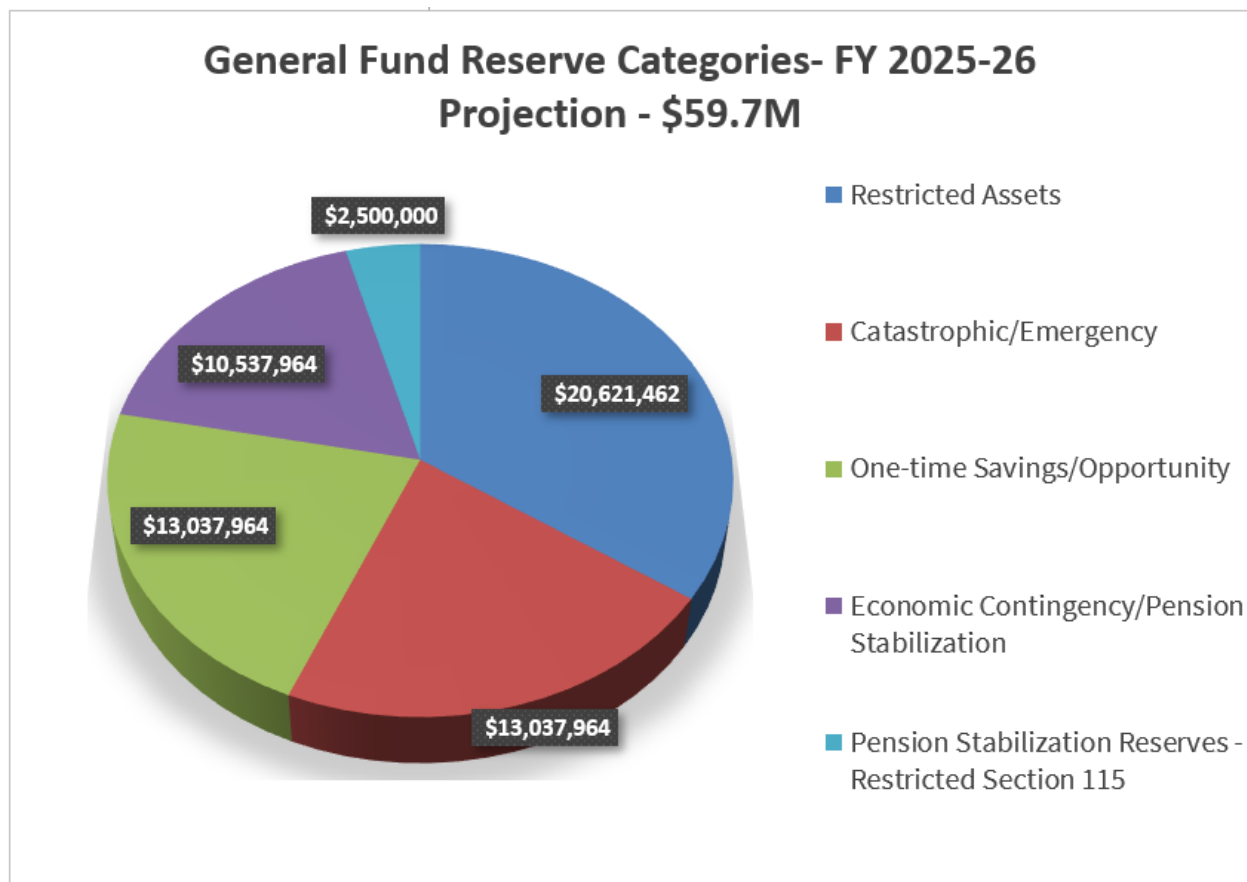


Fund Balance and Reserves

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 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.