



Quarterly Financial Status Report

As of September 30, 2021





Quarterly Financial Status Report

Finance Department

Overview

This report summarizes the City's financial performance for the three months ended September 30, 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 September 30, 2021. The figures presented are unaudited.

General Fund

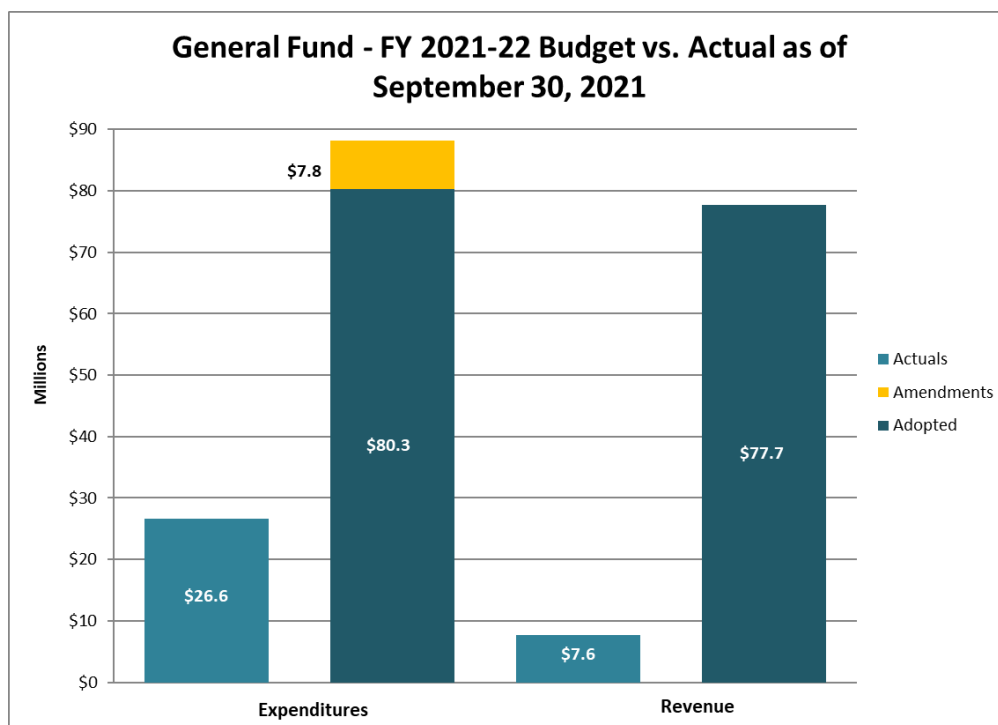
The General Fund is the chief operating fund for the City and includes multiple programs, services, and activities for the citizens of San Marcos.

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.

General Fund revenues are 9.83% of budget which is typical for this time of year due to the cyclical receipt of most revenues. Expenditures are 30.20%, 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, 2021





Quarterly Financial Status Report

Finance Department



General Fund Revenues

As of September 30, 2021, approximately \$7.6 million or 9.83% 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 2021-22				REVENUE COMPARISON		
	AS ADOPTED	AS AMENDED	ACTUAL 9/30/2021	PERCENTAGE BUDGET USED	ACTUAL 9/30/2020	CHANGE FROM PRIOR YEAR	PERCENT CHANGE
TAXES & SPECIAL ASSESSMENTS							
Sales Tax	\$18,793,491	\$18,793,491	\$1,572,297	8.37%	\$1,549,557	\$22,740	1.47%
Property Tax	\$25,719,167	\$25,719,167	\$422,655	1.64%	\$387,229	\$35,426	9.15%
Special Assessments	\$6,344,000	\$6,344,000	\$25,280	0.40%	\$6,866	\$18,414	268.19%
Transient Occupancy Tax	\$719,525	\$719,525	\$0	0.00%	\$0	\$0	0.00%
Total Taxes & Special Assessments	\$51,576,183	\$51,576,183	\$2,020,232	3.92%	\$1,943,652	\$76,580	3.94%
LICENSES & PERMITS							
Franchise Fees	\$4,216,858	\$4,216,858	\$0	0.00%	\$0	\$0	0.00%
Storm Drain Fees	\$0	\$0	\$0	0.00%	\$0	\$0	0.00%
Building Permit Fees	\$405,000	\$405,000	\$110,477	27.28%	\$59,290	\$51,187	86.33%
Business License Fees	\$239,200	\$239,200	\$60,079	25.12%	\$61,874	(\$1,795)	-2.90%
Other Licenses & Permits	\$742,030	\$742,030	\$336,226	45.31%	\$472,395	(\$136,169)	-28.83%
Total Licenses & Permits	\$5,603,088	\$5,603,088	\$506,781	9.04%	\$593,559	(\$86,777)	-14.62%
INTERGOVERNMENTAL							
State	\$96,000	\$96,000	\$57,623	60.02%	\$57,363	\$259	0.45%
State Grants	\$223,000	\$223,000	\$0	0.00%	\$1,790,326	(\$1,790,326)	-100.00%
County	\$280,000	\$280,000	\$81,236	29.01%	\$30,543	\$50,693	165.97%
Federal Grants	\$151,976	\$151,976	\$0	0.00%	\$600,126	(\$600,126)	-100.00%
Total Intergovernmental	\$750,976	\$750,976	\$138,858	18.49%	\$2,478,358	(\$2,339,500)	-94.40%
CHARGES FOR SERVICES							
Departmental Services	\$7,562,807	\$7,562,807	\$3,291,082	43.52%	\$2,202,595	\$1,088,487	49.42%
Reimbursements	\$2,898,494	\$2,898,494	\$514,124	17.74%	\$164,360	\$349,765	212.80%
Total Charges For Services	\$10,461,301	\$10,461,301	\$3,805,206	36.37%	\$2,366,955	\$1,438,251	60.76%
FINES & FORFEITURES							
Fines & Forfeitures	\$414,800	\$414,800	\$4,143	1.00%	\$4,902	(\$759)	-15.48%
Total Fines & Forfeitures	\$414,800	\$414,800	\$4,143	1.00%	\$4,902	(\$759)	-15.48%
USE OF MONEY & PROPERTY							
Rental Income	\$60,000	\$60,000	\$12,187	20.31%	\$16,600	(\$4,413)	-26.58%
Partnership Income	\$900,000	\$900,000	\$0	0.00%	\$0	\$0	0.00%
Interest Income	\$462,133	\$462,133	(\$228,542)	-49.45%	(\$289,841)	\$61,299	-21.15%
Total Use Of Money & Property	\$1,422,133	\$1,422,133	(\$216,355)	-15.21%	(\$273,241)	\$56,887	-20.82%
DEVELOPER FEES							
Developer Fees	\$11,500	\$11,500	\$0	0.00%	\$16,902	(\$16,902)	-100.00%
Total Developer Fees	\$11,500	\$11,500	\$0	0.00%	\$16,902	(\$16,902)	-100.00%
MISCELLANEOUS REVENUES							
Donations	\$2,250	\$2,250	\$0	0.00%	\$42,937	(\$42,937)	-100.00%
Other Miscellaneous Revenue	\$796,900	\$796,900	\$36,477	4.58%	\$16,665	\$19,812	118.88%
Total Miscellaneous Revenues	\$799,150	\$799,150	\$36,477	4.56%	\$59,602	(\$23,125)	-38.80%
OTHER SOURCES							
Sales Of Fixed Assets	\$0	\$0	\$0	0.00%	\$0	\$0	0.00%
Operating Transfer In - CM/Other	\$6,705,500	\$6,705,500	\$1,350,000	20.13%	\$1,347,165	\$2,835	0.21%
Total Other Sources	\$6,705,500	\$6,705,500	\$1,350,000	20.13%	\$1,347,165	\$2,835	0.21%
TOTAL GENERAL FUND	\$77,744,631	\$77,744,631	\$7,645,343	9.83%	\$8,537,854	(\$892,511)	-10.45%



Quarterly Financial Status Report

Finance Department

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 1.47% higher than the comparable quarter of Fiscal Year 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, which is just below the county overall increase rate of 5.3%. 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. Due to the COVID-19 crisis, the City received additional Grant funding through the federal and state government last Fiscal Year. This revenue has been used to fund business relief and community programs such as the Business Sustainability Loan Program as well as to 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 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.

Quarterly Financial Status Report

Finance Department

General Fund Expenditures

As of September 30, 2021, approximately \$26.6 million or 30.20% 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 9/30/2021	PERCENTAGE BUDGET USED	ACTUAL 9/30/2020	CHANGE FROM PRIOR YEAR	PERCENT CHANGE
GENERAL GOVERNMENT							
City Council	\$284,448	\$284,448	\$101,868	35.81%	\$153,581	(\$51,713)	-33.67%
Administration	\$7,089,705	\$13,777,820	\$11,343,969	82.34%	\$7,045,364	\$4,298,604	61.01%
Communications & Marketing	\$352,974	\$352,974	\$53,209	15.07%	\$61,969	(\$8,759)	-14.14%
Economic Development	\$282,804	\$282,804	\$59,552	21.06%	\$82,305	(\$22,753)	-27.64%
City Attorney	\$930,000	\$930,000	\$169,520	18.23%	\$71,541	\$97,978	136.95%
City Clerk	\$678,928	\$683,452	\$142,682	20.88%	\$132,846	\$9,836	7.40%
Human Resources/Risk Management	\$4,287,836	\$4,644,533	\$2,444,474	52.63%	\$2,221,403	\$223,070	10.04%
Finance	\$1,723,014	\$1,821,797	\$337,908	18.55%	\$318,059	\$19,849	6.24%
Information Systems	\$2,218,735	\$2,340,567	\$589,993	25.21%	\$655,346	(\$65,353)	-9.97%
Real Property Services	\$1,474,629	\$1,488,669	\$248,198	16.67%	\$32,011	\$216,187	675.36%
Total General Government	\$19,323,073	\$26,607,064	\$15,491,372	58.22%	\$10,774,425	\$4,716,947	43.78%
PUBLIC WORKS							
Operations	\$8,849,523	\$8,944,883	\$1,803,774	20.17%	\$1,548,999	\$254,775	16.45%
Engineering	\$0	\$0	\$0	0.00%	\$307,575	(\$307,575)	-100.00%
Storm Water Program Management	\$0	\$0	\$0	0.00%	\$119,954	(\$119,954)	-100.00%
Total Public Works	\$8,849,523	\$8,944,883	\$1,803,774	20.17%	\$1,976,528	(\$172,754)	-8.74%
DEVELOPMENT SERVICES							
Administration	\$775,041	\$775,394	\$138,615	17.88%	\$114,648	\$23,967	20.90%
Planning	\$893,107	\$976,889	\$179,728	18.40%	\$260,310	(\$80,581)	-30.96%
Building	\$1,567,876	\$1,570,052	\$246,780	15.72%	\$213,948	\$32,832	15.35%
Engineering	\$2,681,131	\$2,834,140	\$429,973	15.17%	\$75,136	\$354,837	472.26%
Total Development Services	\$5,917,155	\$6,156,475	\$995,096	16.16%	\$664,042	\$331,054	49.85%
PUBLIC SAFETY							
Fire Department	\$18,156,086	\$18,165,737	\$5,217,072	28.72%	\$4,827,831	\$389,241	8.06%
Law Enforcement	\$22,737,062	\$22,737,062	\$1,890,725	8.32%	\$1,848,635	\$42,091	2.28%
Total Public Safety	\$40,893,148	\$40,902,799	\$7,107,797	17.38%	\$6,676,466	\$431,331	6.46%
PARKS AND RECREATION							
Parks & Recreation	\$3,599,137	\$3,641,582	\$936,982	25.73%	\$562,065	\$374,916	66.70%
Total Parks And Recreation	\$3,599,137	\$3,641,582	\$936,982	25.73%	\$562,065	\$374,916	66.70%
OTHER USES							
Transfers Out	\$955,502	\$1,055,502	\$165,000	15.63%	\$215,691	(\$50,691)	-23.50%
Annual Replacement/Rehab Transfers	\$0	\$0	\$0	0.00%	\$0	\$0	0.00%
Total Other Uses	\$955,502	\$1,055,502	\$165,000	15.63%	\$215,691	(\$50,691)	-23.50%
TOTAL GENERAL FUND	\$80,306,022	\$88,123,114	\$26,611,792	30.20%	\$20,869,218	\$5,742,574	27.52%



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.

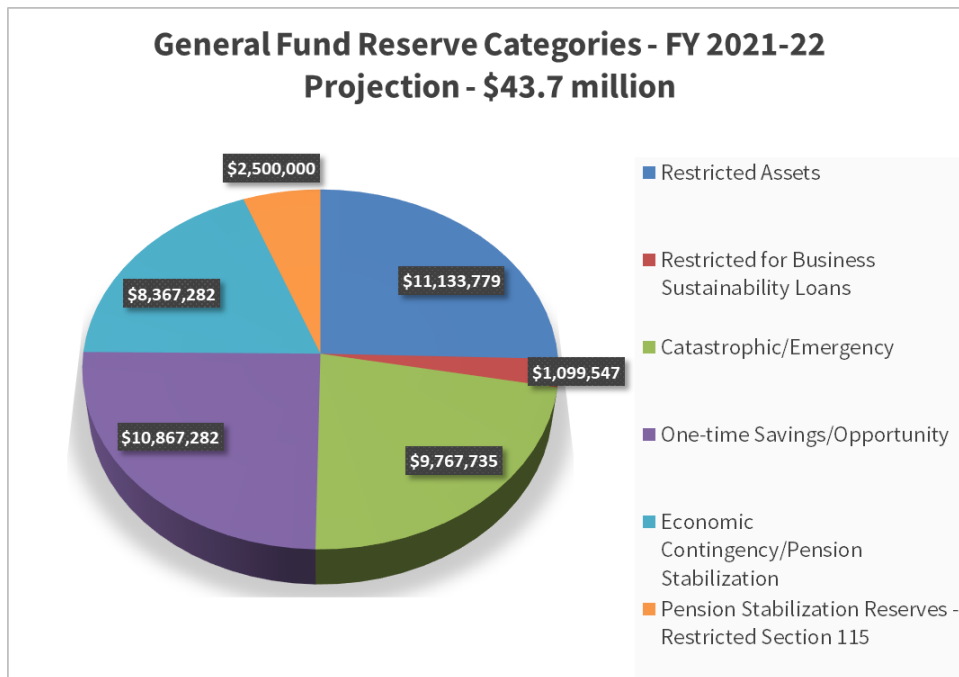
Fund Balance and Reserves

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 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.