



Quarterly Financial Status Report

As of March 31, 2022





Quarterly Financial Status Report

Finance Department



Overview

This report summarizes the City's financial performance for the three months ended March 31, 2022. 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, 2022. The figures presented are unaudited.

General Fund

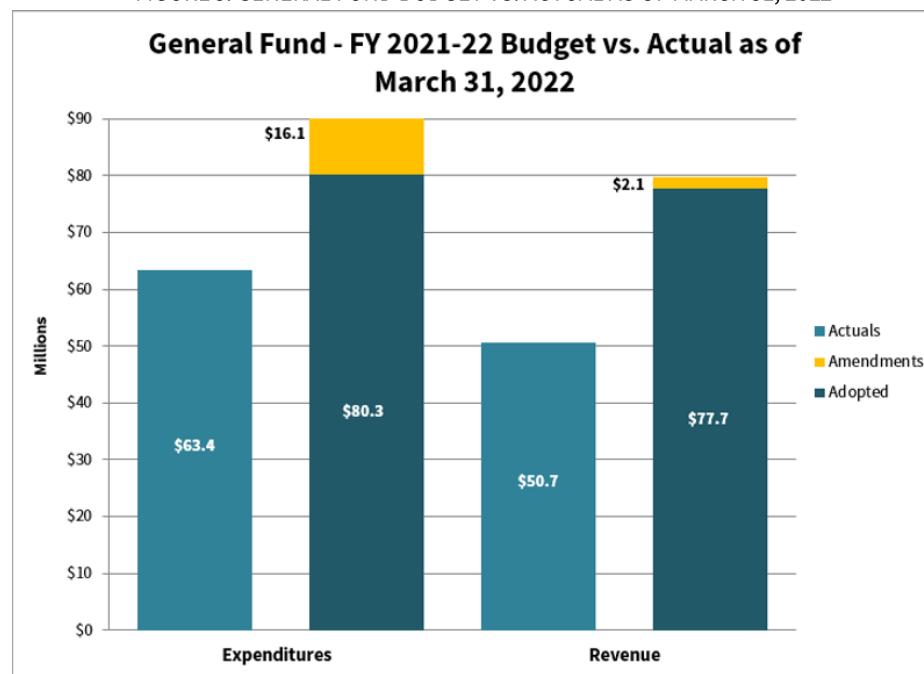
The General Fund is the chief operating fund for the City and includes multiple programs, services, and activities for the citizens of San Marcos.

The Fiscal Year 2021-22 adopted budget for revenues and operating expenses is \$77.7 million and \$80.3 million, respectively. On February 8, 2022, the City Council approved the mid-year expense budget of \$82.0 million and the revenue budget of \$82.4 million, eliminating the deficit adopted at the beginning of the fiscal year.

The operating expenditure budget has been increased by \$16.1M due to carryover appropriations and encumbered contracts from FY 2020-21 and mid-year budget adjustments approved by the City Council.

Although the COVID-19 pandemic has had an unprecedented economic effect on state and local economics, especially government revenues, General Fund revenues are currently 63.51% of budget, which is trending in-line with pre-pandemic revenue for this time of year. Expenditures are 65.73%, 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, 2022





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General Fund Revenues

As of March 31, 2022, approximately \$50.7 million or 63.51% 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 2021-22				REVENUE COMPARISON		
	AS ADOPTED	AS AMENDED	ACTUAL 3/31/2022	PERCENTAGE BUDGET USED	ACTUAL 3/31/2021	CHANGE FROM PRIOR YEAR	PERCENT CHANGE
TAXES & SPECIAL ASSESSMENTS							
Sales Tax	\$18,793,491	\$20,973,668	\$12,833,696	61.19%	\$8,923,430	\$3,910,266	43.82%
Property Tax	\$25,719,167	\$25,744,736	\$13,746,643	53.40%	\$13,162,191	\$584,452	4.44%
Special Assessments	\$6,344,000	\$6,344,000	\$3,954,422	62.33%	\$3,853,688	\$100,734	2.61%
Transient Occupancy Tax	\$719,525	\$719,525	\$584,482	81.23%	\$398,222	\$186,260	46.77%
Total Taxes & Special Assessments	\$51,576,183	\$53,781,929	\$31,119,243	57.86%	\$26,337,531	\$4,781,712	18.16%
LICENSES & PERMITS							
Franchise Fees	\$4,216,858	\$4,216,858	\$1,687,949	40.03%	\$1,584,361	\$103,589	6.54%
Storm Drain Fees	\$0	\$0	\$0	0.00%	\$0	\$0	0.00%
Building Permit Fees	\$405,000	\$405,000	\$323,799	79.95%	\$175,922	\$147,877	84.06%
Business License Fees	\$239,200	\$239,200	\$176,232	73.68%	\$171,517	\$4,715	2.75%
Other Licenses & Permits	\$742,030	\$742,030	\$825,054	111.19%	\$1,121,213	(\$296,159)	-26.41%
Total Licenses & Permits	\$5,603,088	\$5,603,088	\$3,013,034	53.77%	\$3,053,013	(\$39,979)	-1.31%
INTERGOVERNMENTAL							
State	\$96,000	\$96,000	\$211,615	220.43%	\$132,147	\$79,468	60.14%
State Grants	\$223,000	\$223,000	\$215,543	96.66%	\$1,989,400	(\$1,773,858)	-89.17%
County	\$280,000	\$280,000	\$263,264	94.02%	\$197,604	\$65,661	33.23%
Federal Grants	\$151,976	\$151,976	\$71,589	47.11%	\$1,262,526	(\$1,190,937)	-94.33%
Total Intergovernmental	\$750,976	\$750,976	\$762,012	101.47%	\$3,581,677	(\$2,819,665)	-78.72%
CHARGES FOR SERVICES							
Departmental Services	\$7,562,807	\$7,562,807	\$7,069,601	93.48%	\$5,044,710	\$2,024,891	40.14%
Reimbursements	\$2,898,494	\$2,995,271	\$3,132,524	104.58%	\$1,471,967	\$1,660,557	112.81%
Total Charges For Services	\$10,461,301	\$10,558,078	\$10,202,125	96.63%	\$6,516,677	\$3,685,448	56.55%
FINES & FORFEITURES							
Fines & Forfeitures	\$414,800	\$414,800	\$19,657	4.74%	\$56,812	(\$37,155)	-65.40%
Total Fines & Forfeitures	\$414,800	\$414,800	\$19,657	4.74%	\$56,812	(\$37,155)	-65.40%
USE OF MONEY & PROPERTY							
Rental Income	\$60,000	\$60,000	\$40,387	67.31%	\$38,200	\$2,187	5.73%
Partnership Income	\$900,000	\$900,000	\$721,000	80.11%	\$480,000	\$241,000	50.21%
Interest Income	\$462,133	\$462,133	(\$314,337)	-68.02%	(\$6,286)	(\$308,051)	4900.83%
Total Use Of Money & Property	\$1,422,133	\$1,422,133	\$447,050	31.44%	\$511,914	(\$64,864)	-12.67%
DEVELOPER FEES							
Developer Fees	\$11,500	\$11,500	\$16,981	147.66%	\$26,992	(\$10,011)	-37.09%
Total Developer Fees	\$11,500	\$11,500	\$16,981	147.66%	\$26,992	(\$10,011)	-37.09%
MISCELLANEOUS REVENUES							
Donations	\$2,250	\$4,826	\$4,000	82.88%	\$45,687	(\$41,687)	-91.24%
Other Miscellaneous Revenue	\$796,900	\$182,366	\$101,506	55.66%	\$162,343	(\$60,836)	-37.47%
Total Miscellaneous Revenues	\$799,150	\$187,192	\$105,506	56.36%	\$208,030	(\$102,523)	-49.28%
OTHER SOURCES							
Sales Of Fixed Assets	\$0	\$392,325	\$392,786	100.12%	\$429,413	(\$36,627)	-8.53%
Operating Transfer In - CM/Other	\$6,705,500	\$6,705,500	\$4,623,750	68.95%	\$4,041,495	\$582,255	14.41%
Total Other Sources	\$6,705,500	\$7,097,825	\$5,016,536	70.68%	\$4,470,908	\$545,628	12.20%
TOTAL GENERAL FUND	\$77,744,631	\$79,830,021	\$50,702,144	63.51%	\$44,763,553	\$5,938,591	13.27%



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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 43.82% 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. The increase in this year's assessed values is mostly attributable to increases in residential and commercial properties which reflect continued changes 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 that is not matched this fiscal year. This revenue has been used to fund business relief and community programs such as the Business Sustainability Loan Program, and 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 above the budgeted amount compared to this time last fiscal year as the City returns to normal post-pandemic operations.

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 below the same point last fiscal year.

Use of Money & Property: Includes realized and unrealized investment income and rental income. Partnership income is slightly below 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 March 31, 2022, approximately \$63.4 million or 65.73% 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 3/31/2022	PERCENTAGE BUDGET USED	ACTUAL 3/31/2021	CHANGE FROM PRIOR YEAR	PERCENT CHANGE
GENERAL GOVERNMENT							
City Council	\$284,448	\$284,448	\$214,983	75.58%	\$214,280	\$704	0.33%
Administration	\$7,089,705	\$13,732,137	\$12,320,191	89.72%	\$7,972,744	\$4,347,447	54.53%
Communications & Marketing	\$352,974	\$352,974	\$205,626	58.26%	\$160,696	\$44,930	27.96%
Economic Development	\$282,804	\$282,804	\$179,460	63.46%	\$185,909	(\$6,449)	-3.47%
City Attorney	\$930,000	\$930,000	\$676,436	72.74%	\$508,125	\$168,310	33.12%
City Clerk	\$678,928	\$1,026,452	\$467,134	45.51%	\$455,587	\$11,547	2.53%
Human Resources/Risk Management	\$4,287,836	\$4,589,533	\$3,155,398	68.75%	\$2,939,384	\$216,014	7.35%
Finance	\$1,723,014	\$1,851,797	\$1,191,072	64.32%	\$1,027,645	\$163,427	15.90%
Information Systems	\$2,218,735	\$2,023,997	\$1,630,462	80.56%	\$1,484,139	\$146,323	9.86%
Real Property Services	\$1,474,629	\$768,669	\$549,868	71.54%	\$160,921	\$388,947	241.70%
Total General Government	\$19,323,073	\$25,842,811	\$20,590,631	79.68%	\$15,109,429	\$5,481,201	36.28%
PUBLIC WORKS							
Operations	\$8,849,523	\$9,211,686	\$6,082,373	66.03%	\$5,828,813	\$253,560	4.35%
Engineering	\$0	\$0	\$0	0.00%	\$1,068,743	(\$1,068,743)	-100.00%
Storm Water Program Management	\$0	\$0	\$0	0.00%	\$452,842	(\$452,842)	-100.00%
Total Public Works	\$8,849,523	\$9,211,686	\$6,082,373	66.03%	\$7,350,397	(\$1,268,024)	-17.25%
DEVELOPMENT SERVICES							
Administration	\$775,041	\$899,131	\$685,064	76.19%	\$382,948	\$302,116	78.89%
Planning	\$893,107	\$976,889	\$641,721	65.69%	\$709,999	(\$68,278)	-9.62%
Building	\$1,567,876	\$1,410,052	\$864,273	61.29%	\$705,227	\$159,046	22.55%
Engineering	\$2,681,131	\$2,834,140	\$1,389,186	49.02%	\$315,224	\$1,073,962	340.70%
Total Development Services	\$5,917,155	\$6,120,212	\$3,580,244	58.50%	\$2,113,398	\$1,466,846	69.41%
PUBLIC SAFETY							
Fire Department	\$18,156,086	\$18,390,404	\$14,202,637	77.23%	\$14,124,306	\$78,331	0.55%
Law Enforcement	\$22,737,062	\$22,809,062	\$13,218,504	57.95%	\$12,650,625	\$567,879	4.49%
Total Public Safety	\$40,893,148	\$41,199,466	\$27,421,141	66.56%	\$26,774,932	\$646,209	2.41%
PARKS AND RECREATION							
Parks & Recreation	\$3,599,137	\$3,709,815	\$2,516,252	67.83%	\$1,807,679	\$708,573	39.20%
Total Parks And Recreation	\$3,599,137	\$3,709,815	\$2,516,252	67.83%	\$1,807,679	\$708,573	39.20%
OTHER USES							
Transfers Out	\$955,502	\$9,455,696	\$2,579,824	27.28%	\$653,035	\$1,926,789	295.05%
Annual Replacement/Rehab Transfers	\$0	\$0	\$0	0.00%	\$0	\$0	0.00%
Total Other Uses	\$955,502	\$9,455,696	\$2,579,824	27.28%	\$653,035	\$1,926,789	295.05%
TOTAL GENERAL FUND	\$80,306,022	\$96,386,748	\$63,350,858	65.73%	\$53,808,871	\$9,541,988	17.73%



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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.

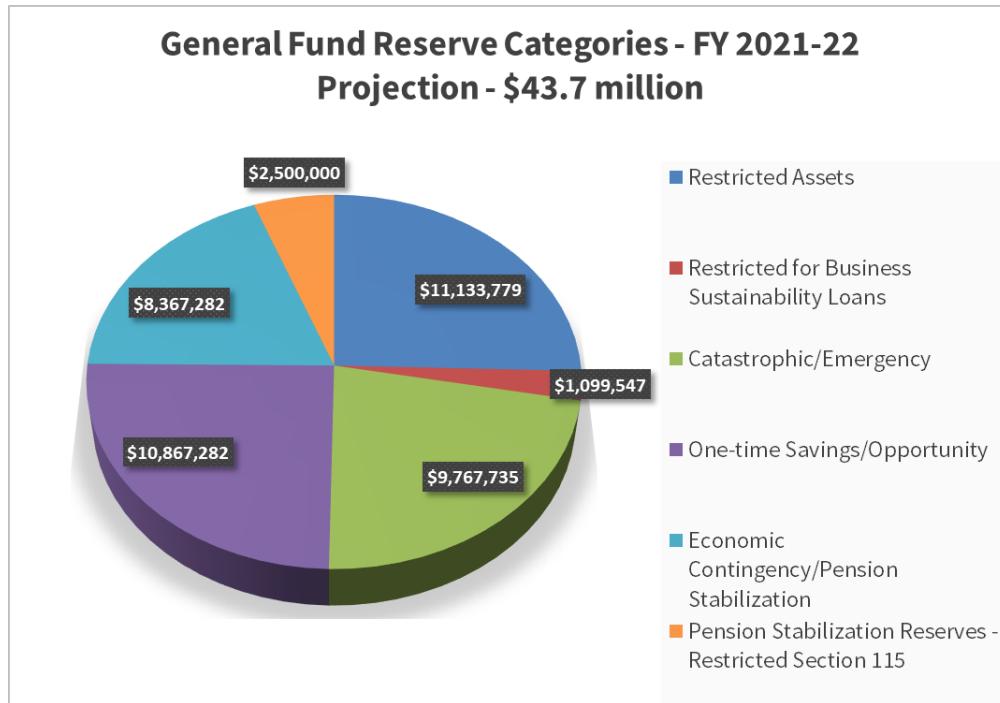
Fund Balance and Reserves

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.