



## Quarterly Financial Status Report

*As of June 30, 2022*





# Quarterly Financial Status Report

Finance Department

## Overview

This report summarizes the City’s financial performance for the twelve months ended June 30, 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 June 30, 2022. The figures presented are unaudited.

## General Fund

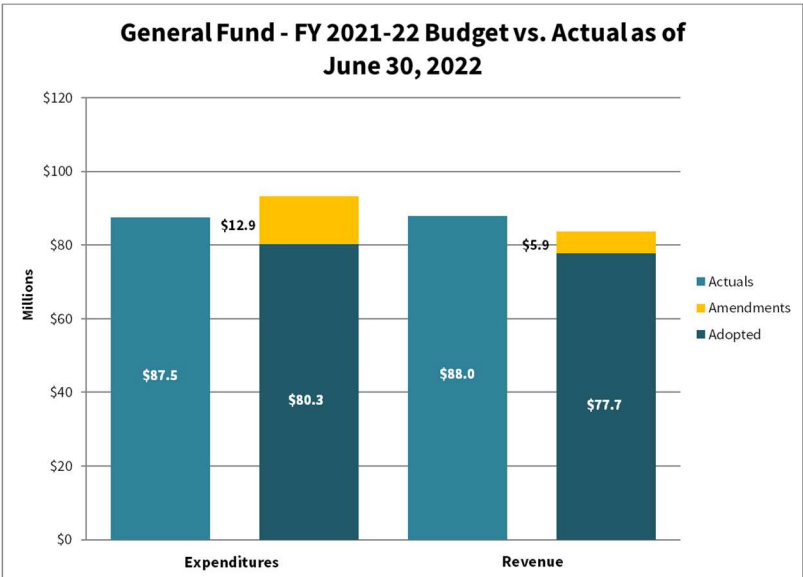
The General Fund is the chief operating fund for the City and includes multiple programs, services, and activities for the citizens of San Marcos.

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 \$12.9 million due to carryover appropriations and encumbered contracts from prior year and budget adjustments in the current fiscal year.

Although the COVID-19 pandemic has had an unprecedented economic effect on state and local economics, especially government revenues, General Fund revenues are currently 105.1% of budget. Revenues received were higher than budgeted, primarily due to an increase in transient occupancy tax, Development Services and Fire Department revenues. Revenue is 2% lower than the prior fiscal year, primarily due to intergovernmental revenue from the receipt of American Rescue Plan Act funds in 2020-21. Expenditures are at 93.8% of budget. Fiscal Year 2021-22 spending is 5.1% over last fiscal year, as many of the City’s operations return to pre-pandemic levels of service. The fourth 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 JUNE 30, 2022



# Quarterly Financial Status Report

Finance Department

## General Fund Revenues

As of June 30, 2022, approximately \$87.9 million or 105.1% 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 6/30/2022	PERCENTAGE BUDGET USED	ACTUAL 6/30/2021	CHANGE FROM PRIOR YEAR	PERCENT CHANGE
<b>TAXES &amp; SPECIAL ASSESSMENTS</b>							
Sales Tax	\$18,793,491	\$20,973,668	\$21,966,581	104.73%	\$17,308,573	\$4,658,008	26.91%
Property Tax	\$25,719,167	\$25,744,736	\$26,695,907	103.69%	\$24,980,971	\$1,714,936	6.86%
Special Assessments	\$6,344,000	\$6,344,000	\$6,751,367	106.42%	\$6,578,385	\$172,983	2.63%
Transient Occupancy Tax	\$719,525	\$719,525	\$1,416,495	196.87%	\$871,393	\$545,103	62.56%
<b>Total Taxes &amp; Special Assessments</b>	<b>\$51,576,183</b>	<b>\$53,781,929</b>	<b>\$56,830,350</b>	<b>105.67%</b>	<b>\$49,739,321</b>	<b>\$7,091,029</b>	<b>14.26%</b>
<b>LICENSES &amp; PERMITS</b>							
Franchise Fees	\$4,216,858	\$4,216,858	\$4,644,009	110.13%	\$4,220,898	\$423,110	10.02%
Storm Drain Fees	\$0	\$0	\$0	0.00%	\$0	\$0	0.00%
Building Permit Fees	\$405,000	\$405,000	\$494,967	122.21%	\$265,085	\$229,882	86.72%
Business License Fees	\$239,200	\$239,200	\$241,672	101.03%	\$231,147	\$10,525	4.55%
Other Licenses & Permits	\$742,030	\$742,030	\$1,214,278	163.64%	\$1,391,270	(\$176,992)	-12.72%
<b>Total Licenses &amp; Permits</b>	<b>\$5,603,088</b>	<b>\$5,603,088</b>	<b>\$6,594,925</b>	<b>117.70%</b>	<b>\$6,108,400</b>	<b>\$486,525</b>	<b>7.96%</b>
<b>INTERGOVERNMENTAL</b>							
State	\$96,000	\$96,000	\$219,233	228.37%	\$137,723	\$81,510	59.18%
State Grants	\$223,000	\$223,000	\$416,640	186.83%	\$2,056,478	(\$1,639,837)	-79.74%
County	\$280,000	\$280,000	\$473,961	169.27%	\$243,078	\$230,883	94.98%
Federal Grants	\$151,976	\$3,992,002	\$3,929,156	58.65%	\$10,428,122	(\$6,498,967)	-62.32%
<b>Total Intergovernmental</b>	<b>\$750,976</b>	<b>\$4,591,002</b>	<b>\$5,038,990</b>	<b>159.65%</b>	<b>\$12,865,401</b>	<b>(\$7,826,411)</b>	<b>-60.83%</b>
<b>CHARGES FOR SERVICES</b>							
Departmental Services	\$7,562,807	\$7,562,807	\$9,178,370	121.36%	\$6,859,593	\$2,318,777	33.80%
Reimbursements	\$2,898,494	\$2,995,271	\$4,505,108	150.41%	\$3,558,454	\$946,654	26.60%
<b>Total Charges For Services</b>	<b>\$10,461,301</b>	<b>\$10,558,078</b>	<b>\$13,683,478</b>	<b>129.60%</b>	<b>\$10,418,047</b>	<b>\$3,265,431</b>	<b>31.34%</b>
<b>FINES &amp; FORFEITURES</b>							
Fines & Forfeitures	\$414,800	\$414,800	\$65,482	15.79%	\$96,037	(\$30,555)	-31.82%
<b>Total Fines &amp; Forfeitures</b>	<b>\$414,800</b>	<b>\$414,800</b>	<b>\$65,482</b>	<b>15.79%</b>	<b>\$96,037</b>	<b>(\$30,555)</b>	<b>-31.82%</b>
<b>USE OF MONEY &amp; PROPERTY</b>							
Rental Income	\$60,000	\$60,000	\$47,587	79.31%	\$52,600	(\$5,013)	-9.53%
Partnership Income	\$900,000	\$900,000	\$509,161	56.57%	\$1,391,239	(\$882,078)	-63.40%
Interest Income	\$462,133	\$462,133	(\$1,554,193)	-336.31%	\$485,499	(\$2,039,692)	-420.12%
<b>Total Use Of Money &amp; Property</b>	<b>\$1,422,133</b>	<b>\$1,422,133</b>	<b>(\$997,445)</b>	<b>-70.14%</b>	<b>\$1,929,338</b>	<b>(\$2,926,783)</b>	<b>-151.70%</b>
<b>DEVELOPER FEES</b>							
Developer Fees	\$11,500	\$11,500	\$16,981	147.66%	\$26,992	(\$10,011)	-37.09%
<b>Total Developer Fees</b>	<b>\$11,500</b>	<b>\$11,500</b>	<b>\$16,981</b>	<b>147.66%</b>	<b>\$26,992</b>	<b>(\$10,011)</b>	<b>-37.09%</b>
<b>MISCELLANEOUS REVENUES</b>							
Donations	\$2,250	\$4,826	\$4,000	82.88%	\$48,187	(\$44,187)	-91.70%
Other Miscellaneous Revenue	\$796,900	\$182,366	\$231,317	126.84%	\$282,180	(\$50,863)	-18.02%
<b>Total Miscellaneous Revenues</b>	<b>\$799,150</b>	<b>\$187,192</b>	<b>\$235,317</b>	<b>125.71%</b>	<b>\$330,367</b>	<b>(\$95,050)</b>	<b>-28.77%</b>
<b>OTHER SOURCES</b>							
Sales Of Fixed Assets	\$0	\$392,325	\$396,367	101.03%	\$2,427,572	(\$2,031,205)	-83.67%
Operating Transfer In – CM/Other	\$6,705,500	\$6,705,500	\$6,120,708	91.28%	\$5,877,198	\$243,510	4.14%
<b>Total Other Sources</b>	<b>\$6,705,500</b>	<b>\$7,097,825</b>	<b>\$6,517,074</b>	<b>91.82%</b>	<b>\$8,304,769</b>	<b>(\$1,787,695)</b>	<b>-21.53%</b>
<b>TOTAL GENERAL FUND</b>	<b>\$77,744,631</b>	<b>\$83,667,547</b>	<b>\$87,985,152</b>	<b>105.16%</b>	<b>\$89,936,566</b>	<b>(\$1,833,519)</b>	<b>-2.04%</b>





# Quarterly Financial Status Report

Finance Department

**Sales Taxes:** The local one cent share of statewide sales occurring January through March, for which San Marcos receives revenue in April, May, and June, was 26.91% higher than the comparable quarter in 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 5% for fiscal year 2021-22. 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 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. 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 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. The City's real estate portfolio is now handled by a real property services consulting firm, and previously appropriated funds were re-allocated to the Real Property Management Fund. Partnership income is slightly below budget for this fiscal year, and interest income losses resulted in overall category being below budget.

**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 June 30, 2022, approximately \$87.4 million or 93.8% 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 6/30/2022	PERCENTAGE BUDGET USED	ACTUAL 6/30/2021	CHANGE FROM PRIOR YEAR	PERCENT CHANGE
<b>GENERAL GOVERNMENT</b>							
City Council	\$284,448	\$284,448	\$257,055	90.4%	\$271,305	(\$14,250)	-5.3%
Administration	\$7,858,189	\$8,254,502	\$7,530,208	86.3%	\$9,165,584	\$4,926,925	53.8%
Communications & Marketing	\$352,974	\$352,974	\$337,054	95.5%	\$248,174	\$88,880	35.8%
Economic Development	\$282,804	\$282,804	\$226,922	80.2%	\$248,330	(\$21,408)	-8.6%
City Attorney	\$930,000	\$930,000	\$1,035,582	111.4%	\$822,746	\$212,837	25.9%
City Clerk	\$678,928	\$1,026,452	\$715,400	69.7%	\$652,675	\$62,725	9.6%
Human Resources/Risk Management	\$4,287,836	\$4,535,733	\$3,636,856	80.2%	\$3,440,371	\$196,485	5.7%
Finance	\$1,723,014	\$1,851,797	\$1,806,545	97.6%	\$1,524,194	\$282,351	18.5%
Information Systems	\$2,218,735	\$2,038,092	\$2,208,352	108.4%	\$2,029,804	\$178,549	8.8%
Real Property Services	\$1,474,629	\$768,669	\$579,688	75.4%	\$220,814	\$358,874	162.5%
<b>Total General Government</b>	<b>\$20,091,557</b>	<b>\$20,325,471</b>	<b>\$20,325,471</b>	<b>100.0%</b>	<b>\$18,623,999</b>	<b>\$1,701,473</b>	<b>9.1%</b>
<b>PUBLIC WORKS</b>							
Operations	\$8,849,523	\$9,273,453	\$9,290,844	100.2%	\$8,818,215	\$472,629	5.4%
Engineering	\$0	\$0	\$0	0.0%	\$1,577,985	(\$1,577,985)	-100.0%
Storm Water Program Management	\$0	\$0	\$0	0.0%	\$769,451	(\$769,451)	-100.0%
<b>Total Public Works</b>	<b>\$8,849,523</b>	<b>\$9,273,453</b>	<b>\$9,290,844</b>	<b>100.2%</b>	<b>\$11,165,652</b>	<b>(\$1,874,808)</b>	<b>-16.8%</b>
<b>DEVELOPMENT SERVICES</b>							
Administration	\$775,041	\$951,631	\$1,037,317	109.0%	\$601,917	\$435,400	72.3%
Planning	\$893,107	\$968,735	\$1,003,392	103.6%	\$1,070,160	(\$66,768)	-6.2%
Building	\$1,567,876	\$1,410,895	\$1,360,087	96.4%	\$1,101,660	\$258,427	23.5%
Engineering	\$2,681,131	\$2,779,656	\$2,088,388	75.1%	\$493,170	\$1,595,218	323.5%
<b>Total Development Services</b>	<b>\$5,917,155</b>	<b>\$6,110,917</b>	<b>\$5,489,184</b>	<b>89.8%</b>	<b>\$3,266,906</b>	<b>\$2,222,277</b>	<b>68.0%</b>
<b>PUBLIC SAFETY</b>							
Fire Department	\$18,156,086	\$18,390,404	\$19,554,864	106.3%	\$19,833,046	(\$278,181)	-1.4%
Law Enforcement	\$22,737,062	\$22,809,062	\$22,637,478	99.2%	\$21,631,350	\$1,006,128	4.7%
<b>Total Public Safety</b>	<b>\$40,893,148</b>	<b>\$41,199,466</b>	<b>\$42,192,342</b>	<b>102.4%</b>	<b>\$41,464,396</b>	<b>\$727,946</b>	<b>1.8%</b>
<b>PARKS AND RECREATION</b>							
Parks & Recreation	\$3,599,137	\$3,709,815	\$3,690,546	99.5%	\$2,892,137	\$798,409	27.6%
<b>Total Parks And Recreation</b>	<b>\$3,599,137</b>	<b>\$3,709,815</b>	<b>\$3,690,546</b>	<b>99.5%</b>	<b>\$2,892,137</b>	<b>\$798,409</b>	<b>27.6%</b>
<b>OTHER USES</b>							
Transfers Out	\$955,502	\$12,636,114	\$6,490,615	51.4%	\$5,819,458	\$671,158	11.5%
Annual Replacement/Rehab Transfers	\$0	\$0	\$0	0.0%	\$0	\$0	0.0%
<b>Total Other Uses</b>	<b>\$955,502</b>	<b>\$12,636,114</b>	<b>\$6,490,615</b>	<b>51.4%</b>	<b>\$5,819,458</b>	<b>\$671,158</b>	<b>11.5%</b>
<b>TOTAL GENERAL FUND</b>	<b>\$80,306,022</b>	<b>\$93,255,236</b>	<b>\$87,479,003</b>	<b>93.8%</b>	<b>\$83,241,236</b>	<b>\$4,237,767</b>	<b>5.1%</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

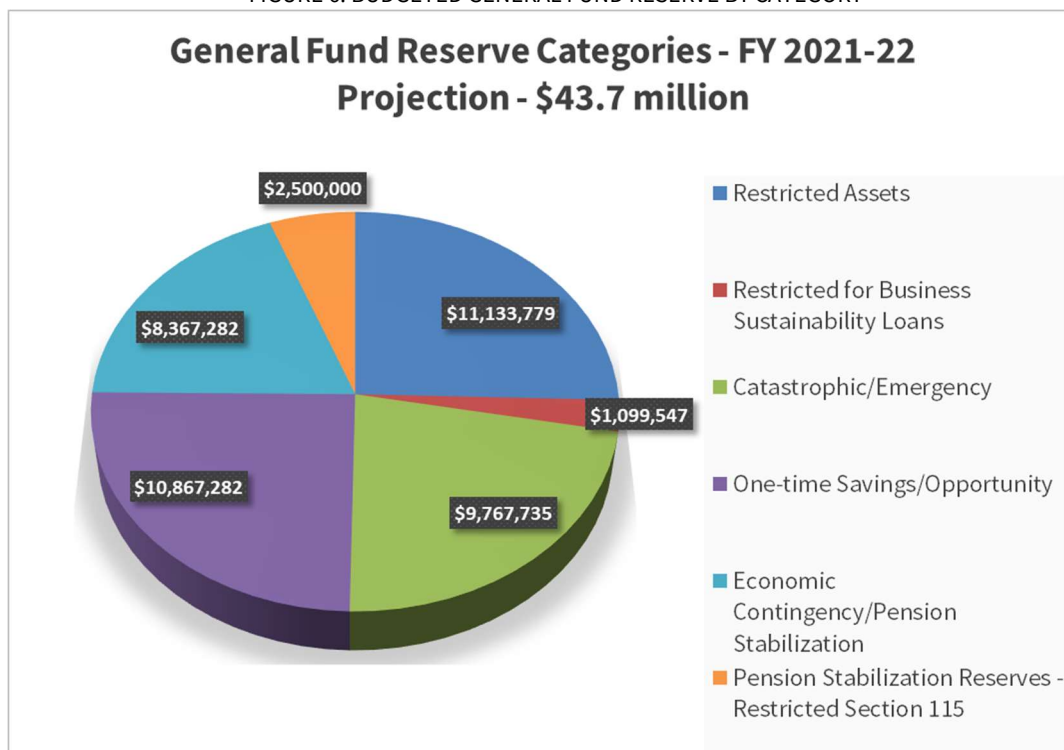
## Fund Balance and Reserves

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 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.