



## Quarterly Financial Status Report

*As of December 31, 2022*





# Quarterly Financial Status Report

Finance Department

## Overview

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

## General Fund

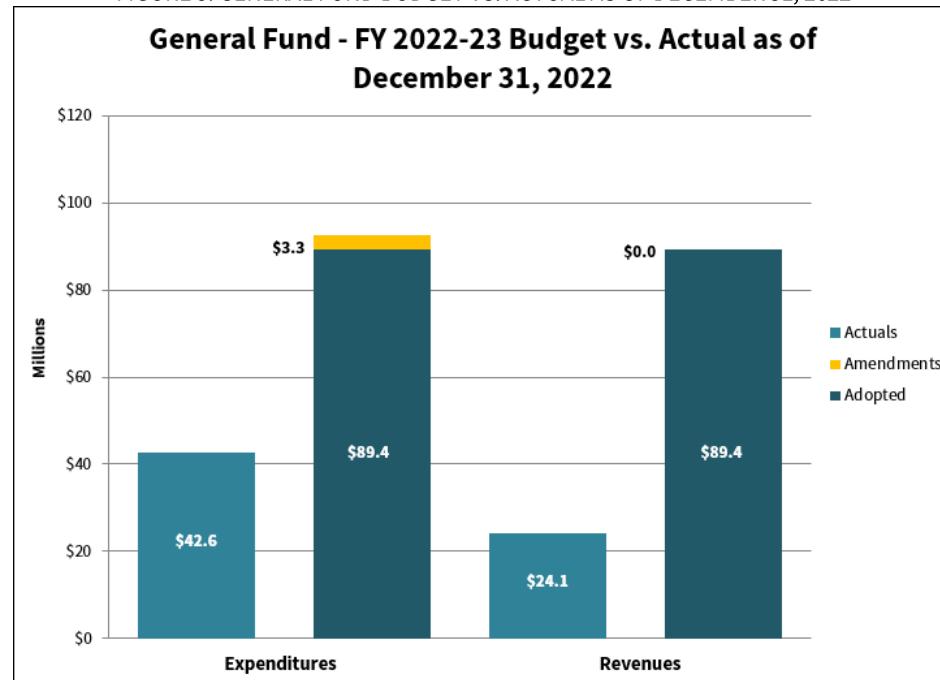
The General Fund is the chief operating fund for the City and includes multiple programs, services, and activities for the citizens of San Marcos.

The Fiscal Year 2022-23 adopted budget for revenues and operating expenses is balanced, at \$89.4 million anticipated expenses and revenues.

The operating expenditure budget has been increased by \$3.3 million due to carryover appropriations and encumbered contracts from prior year and budget adjustments in the current fiscal year.

General Fund revenues are currently 27% of budget, which is trending in-line with pre-pandemic revenue for this time of year. Expenditures are 46%, 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 3, below.

FIGURE 3: GENERAL FUND BUDGET VS. ACTUAL AS OF DECEMBER 31, 2022





# Quarterly Financial Status Report

Finance Department

## General Fund Revenues

As of December 31, 2022, approximately \$24 million or 27% 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 2022-23				REVENUE COMPARISON		
	AS ADOPTED	AS AMENDED	ACTUAL 12/31/2022	PERCENTAGE BUDGET USED	ACTUAL 12/31/2021	CHANGE FROM PRIOR YEAR	PERCENT CHANGE
<b>TAXES &amp; SPECIAL ASSESSMENTS</b>							
Sales Tax	\$21,889,401	\$21,889,401	\$5,680,937	25.95%	\$7,172,360	(\$1,491,422)	-20.79%
Property Tax	\$27,358,117	\$27,358,117	\$3,887,927	14.21%	\$3,776,913	\$111,013	2.94%
Special Assessments	\$6,337,000	\$6,337,000	\$1,682,902	26.56%	\$1,719,492	(\$36,590)	-2.13%
Transient Occupancy Tax	\$738,856	\$738,856	\$485,469	65.71%	\$358,668	\$126,801	35.35%
<b>Total Taxes &amp; Special Assessments</b>	<b>\$56,323,374</b>	<b>\$56,323,374</b>	<b>\$11,737,235</b>	<b>20.84%</b>	<b>\$13,027,433</b>	<b>(\$1,290,198)</b>	<b>-9.90%</b>
<b>LICENSES &amp; PERMITS</b>							
Franchise Fees	\$4,259,027	\$4,259,027	\$1,006,496	23.63%	\$884,577	\$121,920	13.78%
Storm Drain Fees	\$0	\$0	\$0	0.00%	\$0	\$0	0.00%
Building Permit Fees	\$418,000	\$418,000	\$222,240	53.17%	\$238,049	(\$15,809)	-6.64%
Business License Fees	\$239,200	\$239,200	\$111,650	46.68%	\$113,179	(\$1,529)	-1.35%
Other Licenses & Permits	\$722,150	\$722,150	\$458,912	63.55%	\$583,355	(\$124,442)	-21.33%
<b>Total Licenses &amp; Permits</b>	<b>\$5,638,377</b>	<b>\$5,638,377</b>	<b>\$1,799,299</b>	<b>31.91%</b>	<b>\$1,819,159</b>	<b>(\$19,860)</b>	<b>-1.09%</b>
<b>INTERGOVERNMENTAL</b>							
State	\$151,000	\$151,000	\$48,734	32.27%	\$59,582	(\$10,849)	-18.21%
State Grants	\$339,635	\$339,635	\$133,731	39.37%	\$143,135	(\$9,404)	-6.57%
County	\$277,000	\$277,000	\$209,654	75.69%	\$204,951	\$4,703	2.29%
Federal Grants	\$6,424,508	\$6,424,508	\$168,956	2.63%	\$30	\$168,926	560842.36%
<b>Total Intergovernmental</b>	<b>\$7,192,143</b>	<b>\$7,192,143</b>	<b>\$561,075</b>	<b>7.80%</b>	<b>\$407,698</b>	<b>\$153,377</b>	<b>37.62%</b>
<b>CHARGES FOR SERVICES</b>							
Departmental Services	\$8,083,060	\$8,083,060	\$4,494,033	55.60%	\$5,063,835	(\$569,802)	-11.25%
Reimbursements	\$3,493,770	\$3,493,770	\$2,760,736	79.02%	\$1,622,253	\$1,138,482	70.18%
<b>Total Charges For Services</b>	<b>\$11,576,830</b>	<b>\$11,576,830</b>	<b>\$7,254,768</b>	<b>62.67%</b>	<b>\$6,686,088</b>	<b>\$568,680</b>	<b>8.51%</b>
<b>FINES &amp; FORFEITURES</b>							
Fines & Forfeitures	\$293,800	\$293,800	\$66,751	22.72%	\$13,307	\$53,445	401.63%
<b>Total Fines &amp; Forfeitures</b>	<b>\$293,800</b>	<b>\$293,800</b>	<b>\$66,751</b>	<b>22.72%</b>	<b>\$13,307</b>	<b>\$53,445</b>	<b>401.63%</b>
<b>USE OF MONEY &amp; PROPERTY</b>							
Rental Income	\$60,000	\$60,000	\$25,200	42.00%	\$24,487	\$713	2.91%
Partnership Income	\$900,000	\$900,000	\$0	0.00%	\$1,000	(\$1,000)	-100.00%
Interest Income	\$831,000	\$831,000	\$940,240	113.15%	(\$152,319)	\$1,092,560	-717.28%
<b>Total Use Of Money &amp; Property</b>	<b>\$1,791,000</b>	<b>\$1,791,000</b>	<b>\$965,440</b>	<b>53.91%</b>	<b>(\$126,832)</b>	<b>\$1,092,273</b>	<b>-861.19%</b>
<b>DEVELOPER FEES</b>							
Developer Fees	\$11,500	\$11,500	\$13,045	113.43%	\$12,955	\$90	0.69%
<b>Total Developer Fees</b>	<b>\$11,500</b>	<b>\$11,500</b>	<b>\$13,045</b>	<b>113.43%</b>	<b>\$12,955</b>	<b>\$90</b>	<b>0.69%</b>
<b>MISCELLANEOUS REVENUES</b>							
Donations	\$1,500	1500	\$0	0.00%	\$0	\$0	0.00%
Other Miscellaneous Revenue	\$115,560	\$115,560	\$59,442	51.44%	\$58,988	\$454	0.77%
<b>Total Miscellaneous Revenues</b>	<b>\$117,060</b>	<b>\$117,060</b>	<b>\$59,442</b>	<b>50.78%</b>	<b>\$58,988</b>	<b>\$454</b>	<b>0.77%</b>
<b>OTHER SOURCES</b>							
Sales Of Fixed Assets	\$0	\$0	\$0	0.00%	\$392,786	(\$392,786)	-100.00%
Operating Transfer In - CM/Other	\$6,479,300	\$6,479,300	\$1,614,700	24.92%	\$3,082,500	(\$1,467,800)	-47.62%
<b>Total Other Sources</b>	<b>\$6,479,300</b>	<b>\$6,479,300</b>	<b>\$1,614,700</b>	<b>24.92%</b>	<b>\$3,475,286</b>	<b>(\$1,860,586)</b>	<b>-53.54%</b>
<b>TOTAL GENERAL FUND</b>	<b>\$89,423,384</b>	<b>\$89,423,384</b>	<b>\$24,071,755</b>	<b>26.92%</b>	<b>\$25,374,081</b>	<b>(\$1,302,327)</b>	<b>-5.13%</b>



# Quarterly Financial Status Report

## Finance Department

**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 20% lower than the comparable quarter of Fiscal Year 2021-22. This is due to sales tax revenue receipts being received later than anticipated in the fiscal year. Annual receipts will be recognized in the actual quarter they are received.

**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 3.7% for fiscal year 2021-22, which is just above the county overall increase rate of 3.6%. 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.

**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 slightly above the budgeted amount for this time in the fiscal year.

**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 above the same point last fiscal 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 quarterly. A detailed schedule of General Fund revenues is provided in Figure 4.



# Quarterly Financial Status Report

Finance Department

## General Fund Expenditures

As of December 31, 2022, approximately \$43 million or 46% 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 2022-23				EXPENDITURE COMPARISON		
	AS ADOPTED	AS AMENDED	ACTUAL 12/31/2022	PERCENTAGE BUDGET USED	ACTUAL 12/31/2021	CHANGE FROM PRIOR YEAR	PERCENT CHANGE
<b>GENERAL GOVERNMENT</b>							
City Council	\$283,294	\$283,294	\$150,358	53.07%	\$139,781	\$10,577	7.57%
Administration	\$9,757,732	\$10,077,159	\$7,718,713	76.60%	\$11,600,610	(\$3,881,897)	-33.46%
Communications & Marketing	\$508,491	\$508,491	\$142,257	27.98%	\$118,104	\$24,153	20.45%
Economic Development	\$335,894	\$677,499	\$133,270	19.67%	\$106,555	\$26,716	25.07%
City Attorney	\$940,000	\$940,000	\$365,325	38.86%	\$423,646	(\$58,320)	-13.77%
City Clerk	\$1,165,490	\$880,495	\$375,574	42.65%	\$284,888	\$90,686	31.83%
Human Resources/Risk Management	\$4,096,247	\$4,239,669	\$2,275,704	53.68%	\$2,489,108	(\$213,404)	-8.57%
Finance	\$1,920,249	\$2,017,700	\$805,647	39.93%	\$745,346	\$60,301	8.09%
Information Systems	\$2,442,924	\$2,488,182	\$1,249,097	50.20%	\$1,032,326	\$216,771	21.00%
Real Property Services	\$141,607	\$145,686	\$37,688	25.87%	\$443,748	(\$406,060)	-91.51%
<b>Total General Government</b>	<b>\$21,591,927</b>	<b>\$22,258,175</b>	<b>\$13,253,633</b>	<b>59.55%</b>	<b>\$17,384,112</b>	<b>(\$4,130,478)</b>	<b>-23.76%</b>
<b>PUBLIC WORKS</b>							
Operations	\$10,259,075	\$10,643,281	\$4,616,418	43.37%	\$3,859,502	\$756,916	19.61%
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>\$10,259,075</b>	<b>\$10,643,281</b>	<b>\$4,616,418</b>	<b>43.37%</b>	<b>\$3,859,502</b>	<b>\$756,916</b>	<b>19.61%</b>
<b>DEVELOPMENT SERVICES</b>							
Administration	\$1,494,468	\$1,511,522	\$521,172	34.48%	\$356,039	\$165,133	46.38%
Planning	\$1,484,910	\$2,800,377	\$540,231	19.29%	\$396,212	\$144,018	36.35%
Building	\$1,491,629	\$1,499,414	\$659,401	43.98%	\$529,392	\$130,009	24.56%
Engineering	\$2,386,017	\$3,024,985	\$794,947	26.28%	\$936,570	(\$141,623)	-15.12%
<b>Total Development Services</b>	<b>\$6,857,024</b>	<b>\$8,836,299</b>	<b>\$2,515,750</b>	<b>28.47%</b>	<b>\$2,218,214</b>	<b>\$297,537</b>	<b>13.41%</b>
<b>PUBLIC SAFETY</b>							
Fire Department	\$20,086,338	\$20,200,722	\$8,474,666	41.95%	\$9,716,481	(\$1,241,815)	-12.78%
Law Enforcement	\$23,374,137	\$23,374,137	\$7,735,095	33.09%	\$5,685,827	\$2,049,267	36.04%
<b>Total Public Safety</b>	<b>\$43,460,475</b>	<b>\$43,574,859</b>	<b>\$16,209,760</b>	<b>37.20%</b>	<b>\$15,402,308</b>	<b>\$807,452</b>	<b>5.24%</b>
<b>PARKS AND RECREATION</b>							
Parks & Recreation	\$4,135,134	\$4,269,958	\$1,781,803	41.73%	\$1,684,397	\$97,406	5.78%
<b>Total Parks And Recreation</b>	<b>\$4,135,134</b>	<b>\$4,269,958</b>	<b>\$1,781,803</b>	<b>41.73%</b>	<b>\$1,684,397</b>	<b>\$97,406</b>	<b>5.78%</b>
<b>OTHER USES</b>							
Transfers Out	\$931,000	\$931,000	\$277,663	29.82%	\$331,788	(\$54,124)	-16.31%
Annual Replacement/Rehab Transfers	\$1,265,345	\$1,265,345	\$0	0.00%	\$0	\$0	0.00%
<b>Total Other Uses</b>	<b>\$2,196,345</b>	<b>\$2,196,345</b>	<b>\$277,663</b>	<b>12.64%</b>	<b>\$331,788</b>	<b>(\$54,124)</b>	<b>-16.31%</b>
<b>TOTAL GENERAL FUND</b>	<b>\$89,423,382</b>	<b>\$92,730,541</b>	<b>\$42,602,899</b>	<b>45.94%</b>	<b>\$41,190,476</b>	<b>\$1,412,423</b>	<b>3.43%</b>



# Quarterly Financial Status Report

## Finance Department

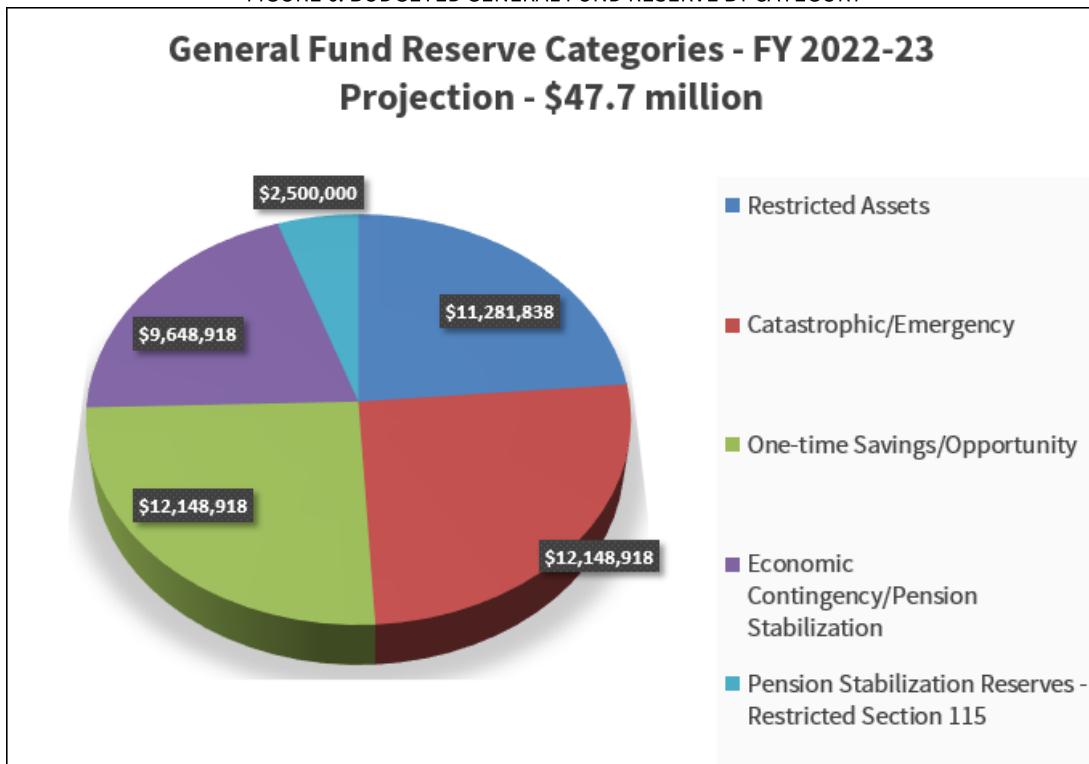
Other Uses of the General Fund includes transfers to the Infrastructure Replacement/Rehabilitation, Facilities Replacement & Rehabilitation, and Vehicle Acquisition/Replacement funds as required by City Council's Fiscal Management Policy.

## 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 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.