



Quarterly Financial Report

First Quarter of Fiscal Year 2022-23

The City has completed the first quarter of the fiscal year ("FY") 2022-23 ended September 30, 2022. This report summarizes the activities of the City's General Fund, which is the primary operating fund of the City and is used to account for most operating activities. This report is not meant to be inclusive of all finance and accounting transactions. It is intended only to provide the Council and the public with an overview of the state of the City's general fiscal condition.

GENERAL FUND FINANCIAL POSITION

The General Fund is comprised of budgeted operating revenues of \$51,607,100 and operating expenditures of \$55,060,075 for FY 2022-23. Expenditures contained in the General Fund account for direct services provided to the residents of San Carlos, including General Government, Police Services, Fire Services, Parks and Recreation, Community Development, and Public Works.

GENERAL FUND	FY 2021-2022			FY 2022-2023		
	Revised Budget	1st Qtr YTD Actual	% of budget	Revised Budget	1st Qtr YTD Actual	% of budget
<i>numbers in 000's</i>						
Revenues	\$ 46,016	\$ 9,532	20.7%	\$ 51,607	\$ 8,718	16.9%
Expenditures	49,318	13,171	26.7%	55,060	15,144	27.5%
Net Alloc & Transfers	2,111	222	10.5%	543	(2,039)	-375.5%
Net Change in Fund Balance	(1,191)	(3,417)	286.9%	(2,910)	(8,465)	290.9%
Balance, Start of Year	37,703	37,703	100%	44,110	44,110	100%
Balance Year-to-Date	\$ 36,512	\$ 33,842	92.7%	\$ 41,200	\$ 35,645	86.5%

TOP SEVEN GENERAL FUND REVENUES

The City's seven main revenue sources accounted for approximately 93% of the General Fund's year-to-date total operating revenue in FY 2022-23.

REV BY TYPE	FY 2021-2022			FY 2022-2023		
	Revised Budget	1st Qtr YTD Actual	% of budget	Revised Budget	1st Qtr YTD Actual	% of budget
<i>numbers in 000's</i>						
Property Tax	\$ 15,242	\$ 160	1.0%	\$ 16,523	\$ 106	0.6%
Sales Tax	11,426	2,481	21.7%	12,039	2,331	19.4%
Charges for Services	4,678	1,186	25.4%	4,816	1,984	41.2%
Vehicle In Lieu	2,907	2	0.1%	3,560	2,197	61.7%
Other Taxes	3,864	142	3.7%	5,750	160	2.8%
Licenses & Permits	1,900	1,007	53.0%	2,490	889	35.7%
Use of Money and Property	3,086	473	15.3%	3,263	442	13.5%
Other Revenues	2,913	4,081	140.1%	3,166	609	19.2%
Total Revenues	\$ 46,016	\$ 9,532	20.7%	\$ 51,607	\$ 8,718	16.9%

Overall, these key operating revenues largely performed as projected based on payment schedules, past trends, and the expectation of continuing economic recovery from the novel coronavirus ("COVID-19") pandemic during the first quarter of this fiscal year. During the first quarter of FY2022-23 many activities and special community events resumed. Any significant variations in the different revenue categories compared to the first quarter of the prior year and the budget are noted below:

- Property tax. The vast majority of the City's property taxes are received in December and April. The property taxes received through the first quarter were \$54,000 less compared to the first quarter of last fiscal year due to the timing of the real property transfer tax, which wasn't received

for the month of August, but was received in the prior fiscal year. In addition, the number of property transfer transactions were less as compared to the same period of last fiscal year.

- **Sales Tax.** Revenues for the quarter were \$150,000 lower than the same period of the prior year mostly in the categories of business and industry, fuel and service stations, general consumer goods and restaurants and hotels. Due to the continued inflationary environment, shifting spending patterns and rising interest rates, prices were driving positive sales tax proceeds, while sales volumes have started to diminish.
- **Charges for Services.** The majority of the revenues collected in this quarter were for recreation classes, special event sponsorships and fees, inspection fees, development fees, and building plan checks. Revenue was at 41.2% of the full year budget and compared to the first quarter of the prior year, there was an increase of \$798,000 mainly due to the restoration of special events in Parks and Recreation and planning checks and inspections. Plan check and inspection fee revenues can vary from year to year due to the timing of large-scale development projects.
- **Vehicle in-lieu (VLF).** The first distribution of revenue in this category was received in December 2021 and the second in April 2022. The revenue received in this fiscal year was \$2,195,000 higher than the prior year mainly due to receiving the county-wide shortfall from fiscal year 2020-21.
- **Other Taxes.** These include Transient Occupancy Tax ("TOT") and Franchise fees. Total revenue was \$18,000 higher than the first quarter of the prior year. The budgeted TOT revenues for the full year are \$1.9 million more than the prior year anticipating a continued increase in tourism and travel activity following the removal of COVID-19 restrictions.
- **Licenses & Permits.** Revenues were \$118,000 lower than at the same point in the prior year and but still achieved 35.7% of this year's budget. Similar to Charges for Services, this revenue category can vary from year to year due to the timing of development projects.
- **Use of Money and Property.** This revenue stream was \$31,000 lower than the first quarter of the prior year mostly due to the timing of rental receipts from the tenants of the City's properties.
- **Other Revenues.** This revenue category includes business registration fees, vehicle code fines, various cost reimbursements, and grants. It was \$3,472,000 less comparing to the first quarter of the prior year due to the receipt of the American Rescue Plan Act ("ARPA") funds in the first quarter of the prior fiscal year. The ARPA funds from the prior year have since been transferred to the General Capital Project Fund 0025 to offset Fire Station #16 replacement project. The ARPA payment received in fiscal year 2022 was directly posted to the Fire Station #16 replacement project.

GENERAL FUND EXPENDITURES

In March 2022, the City Council approved a number of program changes and additional staffing changes necessary to implement the strategic plan objectives, support the increased level of development activity, manage the increase in infrastructure projects, and advance the increased communication needs. As a result, total expenditures for the first quarter of the current fiscal year were 15% higher than last year. As shown in the table below, expenditures are generally on target for the first quarter of the fiscal year. Any significant variations are noted below.

EXP BY DEPT	FY 2021-2022			FY 2022-2023		
	Revised Budget	1st Qtr YTD Actual	% of budget	Revised Budget	1st Qtr YTD Actual	% of budget
<i>numbers in 000's</i>						
General Government	\$ 9,060	\$ 1,667	18.4%	\$ 9,850	\$ 1,915	19.4%
Community Development	7,191	1,155	16.1%	8,362	1,462	17.5%
Fire	11,138	3,970	35.6%	11,632	4,278	36.8%
Police	11,172	4,239	37.9%	12,111	4,454	36.8%
Parks & Recreation	3,638	771	21.2%	4,605	1,214	26.4%
Public Works	7,119	1,369	19.2%	8,500	1,821	21.4%
Total Expenses	\$ 49,318	\$ 13,171	26.7%	\$ 55,060	\$ 15,144	27.5%

- **General Government.** Expenditures were \$248,000 higher than the first quarter of the prior year due to the increase in professional services fees and the addition of new positions in FY 2022-23 to provide administrative support and support the increased need for communication and outreach.
- **Community Development.** Expenditures were \$307,000 greater than the prior year due to higher professional consulting services and the addition of new positions in FY2022-23 budget to implement the strategic plan objectives and to support the greater workload related to the City's development projects.

- Fire. Expenditures were \$308,000 greater than the first quarter of last fiscal year due to an increase in the costs of contracted fire services from the City of Redwood City and an increase in the annual pension payments related to the former Belmont San Carlos Fire Department.
- Police. Expenditures were higher than the same period of last year by \$215,000 due to an increase in the annual pension payments to CalPERS, and cost increases in the contracted law enforcement services from the San Mateo County Sheriff's Office.
- Parks and Recreation. Expenditures were \$443,000 higher compared to last year mainly due to the restoration of programs, classes, and special community events.
- Public Works. Expenditures were \$452,000 more than the prior year primarily due to the addition of new positions to support the increase in infrastructure projects and the increase in costs for utilities.

EXP BY TYPE	FY 2021-2022			FY 2022-2023		
numbers in 000's	Revised Budget	1st Qtr YTD Actual	% of budget	Revised Budget	1st Qtr YTD Actual	% of budget
Salaries/Benefits	\$ 18,351	\$ 6,918	37.7%	\$ 22,373	\$ 8,265	36.9%
Professional Services	26,860	5,641	21.0%	28,396	6,042	21.3%
Other Operating	3,944	580	14.7%	4,115	807	19.6%
Capital Outlay	163	32	19.6%	176	30	17.0%
Total Expenses	\$ 49,318	\$ 13,171	26.7%	\$ 55,060	\$ 15,144	27.5%
Total City-wide FTEs	83	75	90.4%	98	83	84.7%

- Salaries and benefits. Expenditures were \$1,347,000 greater than the first quarter of last year due to the increases in staff as noted above and an increase in the annual pension payments to CalPERS.
- Professional Services. Expenditures include payments to outside consultants related to fire and police protection, police dispatch services, planning consultants, legal and auditing services, and recreation instructors. Expenditures in this category were \$401,000 higher than the prior year largely due to cost increases related to contracted fire and police services and the restoration of recreation services and special community events that were canceled in the prior year.
- Other Operating. Expenditures were \$227,000 higher in the first quarter when compared to the same period in the prior year, mainly due to more field and program supplies in Parks and Recreation as a result of the restoration of special events and increases in utility expenses and higher fuel costs.
- Capital Outlay costs are in line with the prior year.

FOR MORE INFORMATION

This summary is based on detailed information produced by the City's Finance Division. If you would like additional information or have any questions about this report, please call (650) 802-4213.