

---

# CITY OF RANCHO SANTA MARGARITA FY 2024/25 GENERAL FUND MID-YEAR BUDGET UPDATE

MARCH 26, 2025

# FISCAL CALENDAR

- Closed FY 2023/24
- Year-end close as of June 30, 2024
- Current FY 2024/25 (7/1/24 to 6/30/25)
- Mid-Year update, March 2025
- FY 2025/26 Budget (7/1/25 to 6/30/26)
- Development in April / May 2025

# TRACKING THE FY 2024/25 BUDGET

- Presentation Overview:
  - Brief Recap of FY 2024/25 Budget
  - Projected Year-End Estimates
    - Based on Revenue and Expenditure data through December
  - Preview of FY 2025/26 Budget

# GENERAL FUND OVERVIEW

## ■ General Fund Budget Comparison FY 2023/24 to FY 2024/25

General Fund Summary Comparison			
	FY 2023/24 Amended Budget	FY 2024/25 Amended Budget	Percent Change
<b>Estimated Beginning Fund Balance</b>		<b>\$ 32,843,601</b>	
Total Revenues	\$ 24,462,719	\$ 23,745,483	-2.93%
Total Expenditures	22,162,479	23,494,989	6.01%
Surplus/(Deficit)	<u>\$ 2,300,240</u>	<u>\$ 250,494</u>	
Use of Reserves Specific One-time Expenses:			
Capital Improvement Projects	1,381,113	3,336,000	
Unfunded Accrued Liability Pay-down	105,000	105,000	
General Plan & Housing Elements	111,500	79,850	
Local Hazard Mitigation Plan Update	-	14,500	
SB 1383 State Recycling Grant	61,839	-	
Use of reserves net budgeted surplus	<u>\$ 640,788</u>	<u>\$ (3,284,856)</u>	
<b>Estimated Ending Fund Balance</b>		<b>\$ 29,558,745</b>	

- Budgeted Reserves include CIP, Housing Element Implementation, & CalPERS Unfunded Liability pay-down

# REVENUE HIGHLIGHTS

FISCAL YEAR 2024 - 2025						
ALL REVENUES	ANNUAL BUDGET	YEAR-END	VARIANCE-YEAR END			
SOURCES	AMENDED	ESTIMATE	(UNFAVORABLE)		PERCENT	
1-PROPERTY TAXES	9,547,081	9,662,546	↑	115,465	↑	1%
2-SALES TAXES	8,579,086	8,342,419	↓	(236,667)	↓	-3%
3-LICENSES, PERMITS & FEES	728,600	739,179	↑	10,579	↑	1%
4-FRANCHISE FEES	1,607,558	1,581,611	↓	(25,947)	↓	-2%
5-INTERGOVERNMENTAL	847,165	835,254	↓	(11,911)	↓	-1%
6-OTHER REVENUES	649,200	632,585	↓	(16,615)	↓	-3%
7-USE OF MONEY & PROPERTY	801,576	1,280,238	↑	478,662	↑	60%
TOTAL OPERATING REVENUE	22,760,266	23,073,832	↑	313,566	↑	1%
8-TRANSFERS-IN & ALLOCATIONS	985,217	985,217	↑	0	↑	0%
TOTAL REVENUES & SOURCES	23,745,483	24,059,049	↑	313,566	↑	1%

# SALES TAX REVENUE

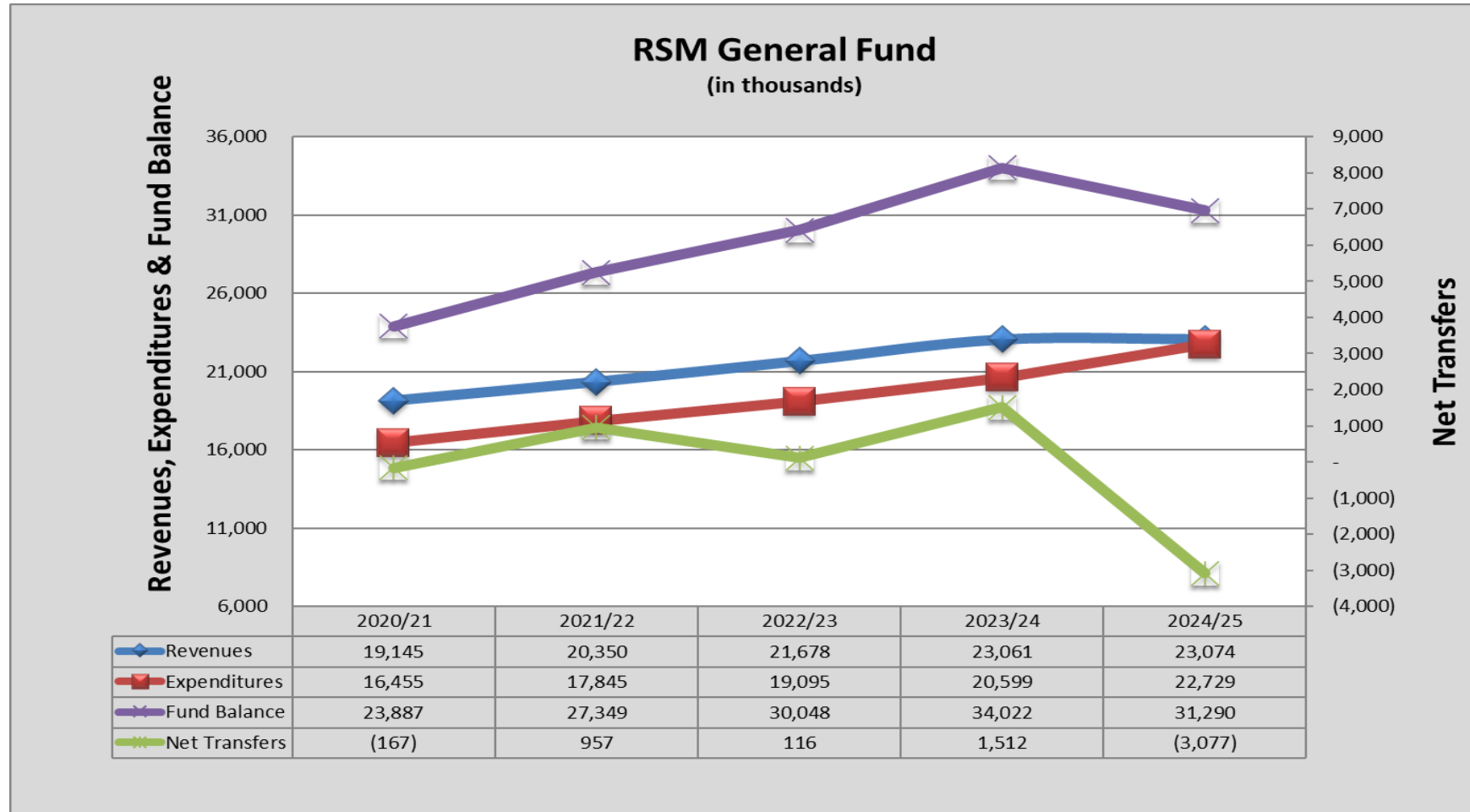
- Anticipated reduction in Sales Tax Revenue:
  - Budget estimate was conservative; however, inflation and interest rates remain high
  - Current year projects reflect continued economic concern and cautious spending habits
  - Expectation is nominal growth with an uptick in sales tax receipts in future years
- Countywide Pool - Minimally positive impact on online sales tax revenue:
  - Online shopping remains positive due to an on-going change in shopping habits, flexibility, and convenience
  - Lower sales tax revenue from the pools due to payment reconciliations impacting the current fiscal year
- Current Quarter Trends:
  - Lower revenues in Auto & Transportation due to high interest rates and insurance costs
  - Fuel & Service Stations are trending downward due to reduced volume and lower gas prices
  - Restaurants and Business & Industry categories remain strong
  - Consumers remain cautious and reflect prudent spending habits

# EXPENDITURE HIGHLIGHTS

FISCAL YEAR 2024 - 2025						
ALL EXPENDITURES USES	ANNUAL BUDGET AMENDED	YEAR-END ESTIMATE	VARIANCE-YEAR END			
			(UNFAVORABLE)		PERCENT	
1-SALARIES & BENEFITS	4,665,025	4,551,395	↑	113,630	↑	2%
2-PROFESSIONAL SERVICES	1,403,488	1,392,258	↑	11,230	↑	1%
3-LAW ENFORCEMENT CONTRACT	11,708,220	11,708,220	↑	-	↑	0%
4-OTHER CONTRACT SERVICES	2,238,959	2,275,165	↓	(36,206)	↓	-2%
5-OTHER SUPPLIES & SERVICES	2,358,348	2,292,034	↑	66,314	↑	3%
6-CAPITAL EXPENDITURES	594,761	510,330	↑	84,431	↑	14%
7-DEBT SERVICE	-	-	↑	-	↑	0%
TOTAL OPERATING EXPENDITURES	22,968,801	22,729,403	↑	239,398	↑	1%
8-TRANSFERS-OUT & ALLOCATIONS	725,538	725,538	↑	-	↑	0%
9-USE OF RESERVES	3,336,000	3,336,000	↑	-	↑	0%
TOTAL EXPENDITURES & USES	27,030,339	26,790,941	↑	239,398	↑	1%

Estimated Operating Year-end Surplus of \$604,108 including Transfers

# REVENUES, EXPENDITURES & FUND BALANCE





# USE OF RESERVE FUND FY 2024/25

- Total Budgeted Use of Reserve Funds \$3,535,350
  - Capital Improvement Projects Budget total \$3,336,000
    - Antonio Parkway Gateway Improvements Project
    - Building Improvements: LED Lighting Conversion Project, Solar Roof Panel Installation; BTRCC Ballroom Floor Sanding & Resurfacing
    - Installation of Electric Vehicle (EV) Charging Station
    - MOE requirement towards Traffic Signal Enhancements
  - General Fund Reserves of \$199,350:
    - Housing Element Implementation costs of \$94,350; grant funds available with a 25% GF match
    - CalPERS Unfunded Accrued Liability (UAL) Pay-down payment plan \$105,000 (payment 2 of 5)

## REMAINDER OF FY 2024/25

- Positive property tax growth
- Sales tax revenue to come in under budget; based on current sales tax receipt data
- Monitoring of OCSD - OT and Contract Credits
- Continued monitoring of General Fund revenues and expenditures
- Proceed with CIP as planned
- Unspent funds may flow into General Fund balance for use in FY 2025/26

# FY 2025/26 BUDGET PROCESS

- Development of FY 25/26 Budget:
  - Preparation of Department Budgets
  - Budget Study Sessions
  
- Major upcoming projects & expenditures:
  - Increase to OCSD Contract of 5.55% – based on current salary and benefit negotiations for all levels
  - Consulting Service costs – Emergency Management/EOP Update and User Fee Study
  - Expenditures for the use of additional SB 1383 grant funds; approximately \$104K
  - On-going CIP - Construction of Antonio Pkwy Gateway Improvement Project & Solar Roof Panel Project at both buildings
  - Monitoring of Investment Earnings



THANK YOU