



## FIRST QUARTER FINANCIAL REPORT

Fiscal Year 2018-19

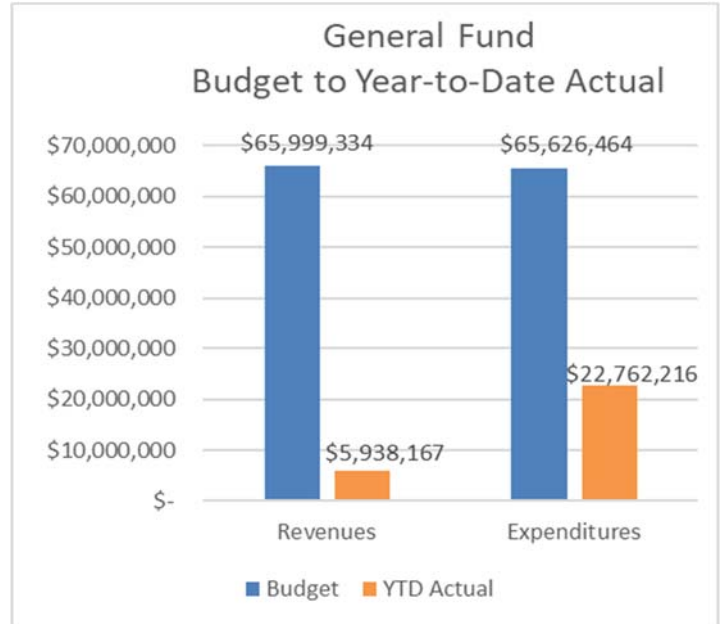
The City has completed the first quarter of Fiscal Year 2018-19. This report summarizes the overall financial performance of the City for the period of July 1, 2018 through September 30, 2018, but it is not meant to be inclusive of all finance and accounting transactions. While the focus of the report is the General Fund, summary financial information is also provided for the Enterprise Fund and Special Revenue Funds. The information presented is unaudited. This report is intended only to provide the City Council and the public with an overview of the City's general fiscal condition.

The revenue projections and expenditure budgets include adjustments for carryovers and any appropriations made by the City Council as of September 30, 2018. The information presented reports revenues as they are received and expenditures when paid. Revenues and expenditures are only accrued at year end to account for such activity in the correct fiscal year.

### **GENERAL FUND**

The General Fund is the general operating fund for the City. It provides the resources to sustain the day-to-day activities and services to the community. All nine departments receive support, either directly or indirectly, from the General Fund.

The General Fund budget for FY 2018-19 is \$65,999,334 for revenues and \$65,626,464 for expenditures. With 25% of the year complete, General Fund revenues are at 9.0% of budget and expenditures are at 24.1% excluding the prepayment of the PERS Unfunded Accrued Liability (UAL). Revenues for the first quarter are at a higher percent of budget as compared to the first quarter of the prior year. Expenditures for the first quarter are lower than the same period of the prior year.



GENERAL FUND REVENUES	BUDGET	YTD ACTUAL	%
Property Tax	\$ 25,056,583	\$ -	0.0%
Sales Tax	16,525,000	1,193,616	7.2%
Other Taxes	9,341,850	468,144	5.0%
Licenses & Permits	1,498,413	217,843	14.5%
Fines & Forfeitures	710,000	253,249	35.7%
Interest & Rents	915,284	338,454	37.0%
Revenue from other Other Agencies	2,302,000	1,712,479	74.4%
Charges for Services	7,184,166	1,605,610	22.3%
Other Revenues	291,852	8,772	3.0%
Transfers In	2,174,186	140,000	6.4%
<b>TOTAL</b>	<b>\$ 65,999,334</b>	<b>\$ 5,938,167</b>	<b>9.0%</b>

The City's two major General Fund revenue sources are Property Tax and Sales Tax which make up over 63% of the General Fund Revenues.

- **Property Tax:** The first major apportionment distribution to the City for FY 2018-19 will occur in December 2018. Also, the revenues received in July and August are for prior year and accrued as such. Included in this line item are Property Taxes in-Lieu of Vehicle License Fees (VLF) and residual payments from the dissolution of the former redevelopment agency.
- **Sales Tax:** The City received the first monthly allocation for sales tax in September 2018. This allocation represents approximately 30% of the total sales tax allocation for the first quarter. The City will continue to receive sales tax allocations with the final quarter allocation distributed by the California State Department of Taxes and Fees Administration, CDTFA, in November 2019. Sales Tax growth is projected to remain flat for the fiscal year.
- **Other Taxes:** Includes Franchise Fees, Business License Tax, Transient Occupancy Tax, and Property Transfer Tax. Revenues are about 5% of budget in the first quarter, about the same as prior year.
- **License & Permits:** Revenues include building and engineering permits. For the first quarter, revenue is slightly lower than prior year at 14.5% of budget received compared to 17.4% in the prior year.
- **Revenues from other Agencies:** Includes Vehicle in-Lieu, State Mandated reimbursement revenue, and the exchange of Prop A funds, which are the largest revenue source in this category. The Prop A exchange was received during the first quarter.
- **Charges for Services:** Revenues include plan check and zoning related fees, recreation fees, interfund charges, and police and fire fees. Included in the budget were new fire fees. Fire

fees represent the largest component of this category at 44%. These fees were recommended for approval as part of the FY18-19 Fee Schedule. Fire Inspection Fees were not approved and resulted in a reduction of projected revenues of \$161,000. The approval of the Fee Schedule was delayed and approved late October. This resulted in an additional projected reduction in revenues of approximately \$324,600 due to the late implementation of other fire fees.

GENERAL FUND EXPENDITURES	BUDGET	YTD ACTUAL	%
Administration	\$ 1,407,638	\$ 343,906	24.4%
City Clerk	487,615	55,316	11.3%
Finance	3,056,195	721,363	23.6%
Human Resources	670,006	127,012	19.0%
Planning	521,530	126,195	24.2%
Police	26,387,200	5,865,698	22.2%
Fire	16,138,156	4,280,575	26.5%
Public Works	3,746,952	890,910	23.8%
Community Services	2,521,314	495,497	19.7%
Transfers Out/Debt Service	1,997,968	804,476	40.3%
TOTAL (Excluding PERS UAL)	\$ 56,934,574	\$ 13,710,948	24.1%
PERS (UAL)	8,691,890	9,051,268	104.1%
TOTAL	\$ 65,626,464	\$ 22,762,216	34.7%

As of September 30, 2018, with 25% of the year complete, \$22.8 million or 34.7% of the General Fund budget has been expensed. The expenditures are higher than 25% due to the July prepayment of CalPERS Unfunded Accrued Liability which is approximately 14% of the total annual General Fund Budget. Excluding the PERS UAL prepayment, General Fund expenditures are at 24.1% of budget for the first quarter.

Overtime expenditures should be 23% of budget based on the number of payrolls for the 1<sup>st</sup> Quarter of the year. The Police Department is trending to be within its overtime budget at slightly below 23%. The Fire Department overtime expenditures are at 55.6 % of budget. This is due to the filling of vacancies with overtime, mainly for Fire Engine 4. The delay in closing Fire Engine 4 caused the Fire Department to

incur more overtime in the first quarter. Also, overtime incurred for Strike Team in response to mutual aid increased Fire Department overtime expenditures. Such expenditures are reimbursed by the State and result in an increase of expenditures as well as off-setting revenues. Although the Fire Department overtime expenditure is expected to exceed budget for the fiscal year, total department personnel costs are not projected to exceed the personnel budget. This is mainly because of salary savings from vacant positions.

At the end of the first quarter, eight of the General Fund departments expenditures are at or below 25% of budget, excluding the PERS UAL prepayment. The Fire Department expense is at 26.5% of budget (excluding PERS UAL), mainly due to the delayed restructuring of the Fire Department. The General Fund budget for FY 2018-19 is \$65,999,334 for revenues and \$65,626,464 for expenditures. This reflects a budget with a surplus. However, after adjusting revenues for the loss of Fire Fees, projected revenues are \$65,513,734, which will result in a shortfall of \$112,730.

**ENTERPRISE FUND**

The following table summarizes the revenues and expenditures for the City’s Enterprise Fund.

ENTERPRISE FUND REVENUES	BUDGET	YTD ACTUAL	%
Police Computer Service Fund	\$ 1,296,400	\$ 1,127,366	87.0%

ENTERPRISE FUND EXPENDITURES	BUDGET	YTD ACTUAL	%
Police Computer Service Fund	\$ 1,816,757	\$ 432,045	23.8%

The Police Department’s Computer Service Group revenues and expenditures are trending to be within budget. Originally the West Covina Service Group was budgeted at a deficit for FY 2018-19, the Police Department is taking actions to balance their budget saving approximately \$500,000.

**OTHER FUNDS**

Special Revenue Funds are restricted in their use for specified purposes. Budget versus actual comparisons for both revenue and expenditures for Special Revenue Funds are presented below.

SPECIAL REVENUE FUNDS REVENUES	BUDGET	YTD ACTUAL	%
Assessment Districts	\$ 3,912,692	\$ 29,826	0.8%
Sewer Maintenance	3,595,003	8,919	0.2%
Gas Tax	2,329,700	510,289	21.9%
Prop A	2,213,862	562,630	25.4%
Prop C	1,750,353	470,748	26.9%
Measure R	1,312,792	356,838	27.2%
Measure M	1,487,800	402,809	27.1%
Housing Authority	-	22,904	0.0%
CDBG	846,361	27,405	3.2%
Grants	3,490,898	86,353	2.5%
Other Special Revenues	2,399,417	107,899	4.5%
<b>TOTAL</b>	<b>\$23,338,878</b>	<b>\$ 2,586,620</b>	<b>11.1%</b>

SPECIAL REVENUE FUNDS EXPENDITURES	BUDGET	YTD ACTUAL	%
Assessment Districts	\$ 4,592,819	\$ 883,836	19.2%
Sewer Maintenance	5,182,807	646,790	12.5%
Gas Tax	2,168,331	541,679	25.0%
Prop A	2,234,723	2,234,173	100.0%
Prop C	2,826,951	341,395	12.1%
Measure R	3,258,116	141,428	4.3%
Measure M	2,736,275	9,671	0.4%
Housing Authority	1,036,114	170,119	16.4%
CDBG	1,481,899	65,321	4.4%
Grants	2,101,226	172,445	8.2%
Other Special Revenues	2,360,782	397,414	16.8%
<b>TOTAL</b>	<b>\$29,980,043</b>	<b>\$ 5,604,271</b>	<b>18.7%</b>

**FOR MORE INFORMATION**

This summary report is derived from detailed financial information generated by the City’s Finance Department. Additional financial information is available online at [www.westcovina.org](http://www.westcovina.org).