



# FIRST QUARTER FINANCIAL REPORT

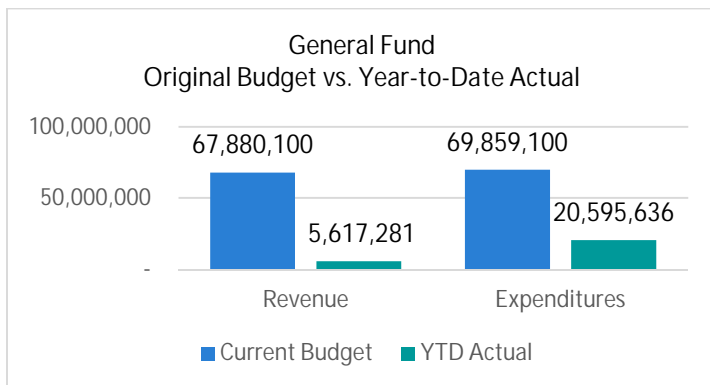
Fiscal Year 2021-22

The City has completed the first quarter of Fiscal Year 2021-22. This report summarizes the overall financial performance of the City for the period of July 1, 2021, through September 30, 2021, 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 and expenditure budgets per the Budget to Actual comparisons include adjustments for carryovers and any appropriations made as of September 30, 2021. 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 original budget for FY 21-22 was \$67,814,100 for revenues and expenditures. With only 25% of the year complete, General Fund revenues are at 8.3% of budget and expenditures are at 29.5%.



General Fund Revenue	Current Budget	YTD Actual	%
Property Tax	28,204,200	308,256	1.1%
Sales Tax	15,900,000	1,755,992	11.0%
Other Taxes	8,167,200	338,422	4.1%
Charges for Services	5,336,000	1,578,558	29.6%
Revenue from Other Agencies	4,549,300	61,411	1.3%
Licenses & Permits	1,964,100	757,512	38.6%
Interdepartmental Charges	1,423,800	299,050	21.0%
Use of Money & Property	1,183,600	324,127	27.4%
Fines & Forfeitures	608,000	171,904	28.3%
Cost Recovery	330,000	17,760	5.4%
Transfers In	131,100	-	0.0%
Other Revenues	82,800	4,289	5.2%
<b>Grand Total</b>	<b>67,880,100</b>	<b>5,617,281</b>	<b>8.3%</b>

The City’s two major General Fund revenue sources are Property Tax and Sales Tax which make up 65% of the General Fund revenues.

- Property Tax:** The first major apportionment distribution to the City for FY 2021-22 does not occur until December 2021. Also, the revenues received in July and August are for the prior year and accrued as such. Included in this line item are Secured Property Taxes, 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 its allocations for July sales tax in September 2021. As of September 30, 2021, the allocation received represents approximately 11% of the total sales tax allocation for the year. 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 August 2022. Sales Tax projections are proposed to be increased based on the increase in sales over the past few quarters. This adjustment has been included in the proposed Quarterly Budget Amendment.
- Other Taxes:** This category includes Franchise Fees, Business License Tax,

Transient Occupancy Tax (TOT), and Property Transfer Tax. These revenues are not received evenly throughout the year and with the exception of Transient Occupancy Tax, are expected to be on target by the close of the fiscal year. Transient Occupancy Tax is up 56% from this quarter last fiscal year but trending under budget for the fiscal year to-date at 11%.

- **License & Permits:** Revenues for licenses & permits include building and engineering permits, and animal licenses. Revenue projections are trending higher than originally projected mainly due to building activity increases.
- **Revenues from other Agencies:** This category includes Vehicle In-Lieu, State Mandated Cost reimbursement revenue, the exchange of Prop A funds, which are the largest revenue source in this category, and COVID-19 Relief Funds.
- **Charges for Services:** These revenues include plan check and zoning related fees, recreation fees, interfund charges, and police and fire fees. These fees are at approximately 29.6% through the end of September 2021. Revenue is proposed to be added under Planning Filing Fees to accurately account for the revenue that was previously accounted for under a deposit account. The increase in revenue for these programs is offset by an increase in expenditures – therefore the net impact to the General Fund is zero.

Revenue projections were revised with the Quarterly Report based on revenue trends, and activity to date. The total proposed adjustment is an increase of \$2,167,000.

Revenue Projection	Original Budget	Current Budget	Proposed Adj.	Revised Projection
Property Tax	28,204,200	28,204,200		28,204,200
Sales Tax	15,900,000	15,900,000	1,500,000	17,400,000
Other Taxes	8,167,200	8,167,200		8,167,200
Charges for Services	5,336,000	5,336,000	110,000	5,446,000
Revenue from Other Agencies	4,483,300	4,549,300		4,549,300
Licenses & Permits	1,964,100	1,964,100		1,964,100
Interdepartmental Charges	1,423,800	1,423,800		1,423,800
Use of Money & Property	1,183,600	1,183,600		1,183,600
Fines & Forfeitures	608,000	608,000	97,000	705,000
Cost Recovery	330,000	330,000	460,000	790,000
Transfers In	131,100	131,100		131,100
Other Revenues	82,800	82,800		82,800
<b>Grand Total</b>	<b>67,814,100</b>	<b>67,880,100</b>	<b>2,167,000</b>	<b>70,047,100</b>

As of September 30, 2021, with only 25% of the year complete, \$20.59 million or 29.5% of the General Fund budget has been expensed (refer to chart below). Most departments are at or below 25% through the end of the quarter with the exception Human Resources and Fire.

Department	Current Budget	YTD Actual	%
Administration	2,535,200	484,587	19.1%
City Clerk	378,300	77,875	20.6%
Community Development	2,252,900	229,231	10.2%
Finance	1,996,600	413,986	20.7%
Fire	16,989,200	5,017,523	29.5%
Human Resources	666,200	198,852	29.8%
Police	25,665,300	5,986,025	23.3%
Public Services	5,593,200	1,014,853	18.1%
Transfers Out	13,782,200	7,172,703	52.0%
<b>Grand Total</b>	<b>69,859,100</b>	<b>20,595,636</b>	<b>29.5%</b>

At the end of the quarter, seven of the nine General Fund department expenditures are at or below 25% of budget. The Human Resources budget is at 29.8% of the original budgeted amount through September 30, 2021. This is due to professional and legal services trending over budget.

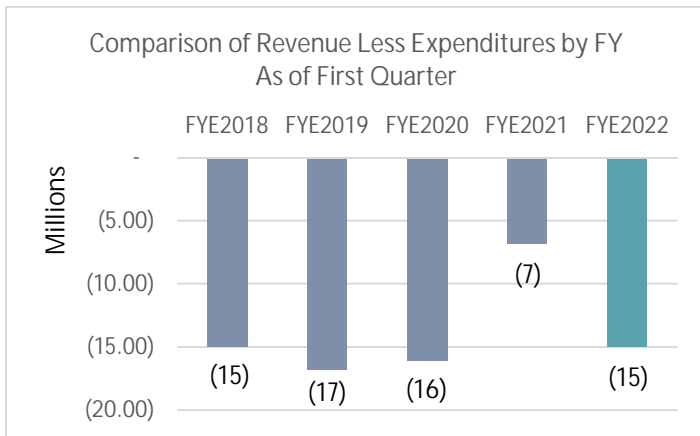
The Fire Department expense is at 29.5% of budget, mainly due to overtime costs that were not budgeted in the 2021-22 budget. Staff is still evaluating alternative options for the provision of fire services to provide the City Council with various options. Mutual Aid overtime is also trending over, therefore, a budget amendment has been included to increase these expenditures and offsetting revenue.

Overtime expenditures should be 25 percent of budget based on the number of payrolls for the end of this quarter. The Police Department is trending over its

General Fund overtime budget by 14 percent, the Fire Department overtime expenditures are trending over budget by approximately 15.9 percent, excluding mutual aid overtime which is fully reimbursable. Public Services is also over 127 percent or \$5,000 in overtime in the General Fund.

Department	Current Budget	YTD GF Overtime	%
Administration	2,000	234	11.7%
Finance	2,000	-	0.0%
Fire	1,830,000	719,865	39.3%
Police	1,526,000	623,459	40.9%
Public Services	9,700	14,822	152.8%
<b>Grand Total</b>	<b>3,369,700</b>	<b>1,358,380</b>	<b>40.3%</b>

Overall, total General Fund Revenue (\$5,617,281) less expenditures (\$20,594,636) for the quarter to date are nearly 15 million (-\$14,977,355). With the exception of last year when the City had an inflex of revenue due to the pension bonds, this revenue less expenditures are up from prior years.



The original adopted General Fund budget for FY 2021-22 was \$67,814,100 for revenues and expenditures. Council added personnel and crossing guard services increasing expenditures to \$69,859,100 and revenue to \$67,880,100. After adjusting revenues by \$2,167,000 to \$70,047,100 and expenditures by \$830,524 to \$70,689,624, the revised General Fund budget is projected to be negative \$642,524 by the end of this fiscal year.

General Fund Expenditures	Original Budget	Current Budget	Requested BA	Amended Budget
Administration	2,535,200	2,535,200	80,200	2,615,400
City Clerk	378,300	378,300		378,300
Community Development	1,862,900	2,252,900	114,000	2,366,900
Finance	1,996,600	1,996,600		1,996,600
Fire	16,989,200	16,989,200	460,000	17,449,200
Human Resources	666,200	666,200		666,200
Police	24,010,300	25,665,300	(377,788)	25,287,512
Public Services	5,593,200	5,593,200	140,300	5,733,500
Transfers Out	13,782,200	13,782,200	413,812	14,196,012
<b>Grand Total</b>	<b>67,814,100</b>	<b>69,859,100</b>	<b>830,524</b>	<b>70,689,624</b>

The requested General Fund budget amendment to balance the budget includes the following:

- 1) \$80,200 under Administration to reallocate funding for the Public Agency Retirement Services (PARS) EPMC Replacement Plan that was previously overlooked during the budget process.
- 2) Add \$114,000 under Community Development to budget for Professional Services (\$80,000), Advertising and Publications (\$30,000) under Planning that will be offset by revenue, and funding for new Code Enforcement Officer Uniforms (\$4,000) under Community Enhancement.
- 3) Increase Mutual Aid Overtime by \$460,000 based on actuals year-to-date which will be offset by revenue.
- 4) Reduce \$377,788 under Police to increase the PERS UAL Payment to actuals (\$12,212) and reduce Salaries (\$390,000) and fund it out of Special Revenue Funds.
- 5) Add \$140,300 under Public Services for annual maintenance contracts that were reduced last year due to COVID. Those contracts include janitorial services (\$121,800), license and maintenance for vehicle charging stations (\$10,000), and alarm monitoring service (\$8,500).
- 6) Increase transfers to the Debt Service Fund by \$413,812 to pay ongoing bond costs (\$5,000) and Principal and Interest for the Energy and Solar projects (\$408,812).

The overall net impact of these revenue and expenditure changes is a \$1,336,476 increase to the General Fund.

**ENTERPRISE FUND**

The Police Department’s Computer Service Group is trending over budget by nearly 100%. This is due to additional services provided to other agencies that were not included in the original budget. Therefore, expenditures are proposed to be increased by \$199,202. The revenues for these expenses were already included in the original budget. The net result of this increase will leave a positive revenue less expenditures of \$25,498.

Police Enterprise	Current Budget	YTD Actual	%
Revenue	416,400	279,919	67.2%
Expenditures	191,700	238,541	124.4%

**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	Current Budget	YTD Actual	%
<b>Revenue</b>	<b>59,050,862</b>	<b>4,306,732</b>	<b>7.3%</b>
Assessment Districts	4,676,700	12,382	0.3%
CDBG	3,313,566	21,680	0.7%
Gas Tax	2,745,100	720,826	26.3%
Grants	14,521,518	90,179	0.6%
Measure M	1,522,200	466,659	30.7%
Measure R	1,341,700	412,613	30.8%
Prop A	2,246,600	663,732	29.5%
Prop C	1,902,600	550,564	28.9%
SB1	2,680,300	180,052	6.7%
Sewer Maintenance	3,230,000	5,899	0.2%
Sportsplex	-	36,408	100.0%
Other Special Revenue	20,870,578	1,145,737	5.5%
<b>Expenditures</b>	<b>77,001,082</b>	<b>9,280,616</b>	<b>12.1%</b>
Assessment Districts	4,597,900	723,147	15.7%
CDBG	3,469,866	57,297	1.7%
CIP	3,747,331	434,755	11.6%
Gas Tax	2,959,000	437,466	14.8%
Grants	24,226,518	182,192	0.8%
Measure M	676,000	14,978	2.2%
Measure R	2,123,000	60,322	2.8%
Prop A	2,130,900	37,968	1.8%
Prop C	1,943,600	224,272	11.5%
SB1	1,695,983	-	0.0%
Sewer Maintenance	5,716,726	236,515	4.1%
Sportsplex	1,498,929	21,295	1.4%
Other Special Revenue	22,215,330	6,850,409	30.8%
<b>Grand Total</b>	<b>136,051,944</b>	<b>13,587,348</b>	<b>10.0%</b>

In addition to the amendments being proposed under the General Fund, the following amendments are recommended for other funds:

- 1) \$150,000 in Fund 153 (Public Safety Augmentation) to increase salaries to fund some of the new Police Officers recently authorized by Council.
- 2) \$413,812 in Fund 300 (Debt Service) to pay the ongoing bond costs (\$5,000) and Principal and Interest for the Energy and Solar projects (\$408,812).
- 3) \$206,000 in Fund 122 (Prop C) to increase for general engineering services per the Transtech contract.
- 4) \$65,000 in Fund 145 (Waste Mgt Enforcement Grant) to increase the allocations for the Rincon and Cole contracts.
- 5) \$15,000 under Fund 205 (Charter PEG) to fund microphone repairs in Council Chambers.
- 6) \$249,917.42 under Fund 220 (West Covina Community Services Foundation) to allocate funding for the summer concerts and other community programs.
- 7) \$5,100 under Fund 224 (Measure R) for street sweeping.
- 8) \$567,200 under Fund 237 (SB1 – Road Maintenance Rehab) to include the expenses to be funded by the General Fund in FY 2021-22. The Transfer Out/In was included in the original budget but the expense was not added to the total project.

After the proposed adjustments, the revenues and expenditures for all other funds will be trending within budget.

**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).