



FOURTH QUARTER FINANCIAL REPORT

Fiscal Year 2022-23

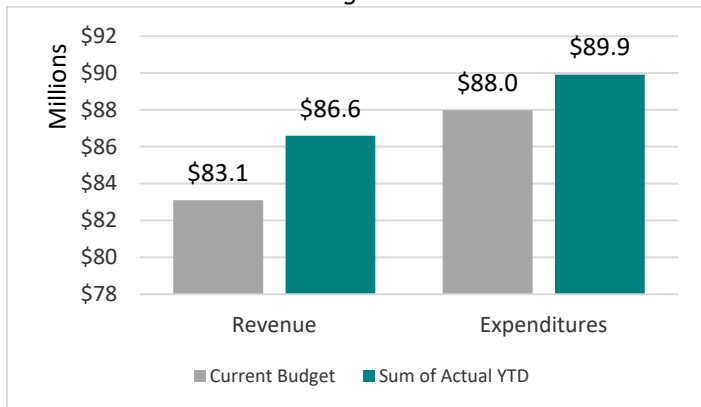
The City has completed the third quarter of Fiscal Year (FY) 2022-23. This report summarizes the overall financial performance of the City for the period of July 1, 2022, through June 30, 2023, but it is not meant to be inclusive of all finance and accounting transactions. While the focus of the report 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 to provide City Council and the public with an overview of the City’s general fiscal condition.

The revenue and expenditures per the Budget to Year-To-Date (YTD) Actual comparisons include adjustments for carryovers and any appropriations made as of June 30, 2023. 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 (GF) 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.

Chart 1: GF Budget vs. YTD Actual



The General Fund original budget for FY 2022-23 was \$79.9 million in revenue, \$79.4 million in expenditures, and a total revenue less expenditures of \$516,345. With the year complete, General Fund revenues are 104% of budget, and expenditures are 102%. Total revenues are \$86.6 million, and expenditures are \$89.9 million leaving a total revenue less expenditures are \$3.3 million.

GENERAL FUND REVENUE

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

Table 1: GF Revenue – Budget vs. YTD Actual

Revenue Source	Current Budget	YTD Actual	%
Property Tax	29,872,000	33,401,085	111.8%
Sales Tax	23,142,000	23,331,254	100.8%
Other Taxes	9,446,000	10,074,971	106.7%
Charges for Services	7,714,120	7,730,293	100.2%
Licenses & Permits	4,991,810	5,311,737	106.4%
Revenue from Other Agencies	2,628,625	2,648,060	100.7%
Cost Recovery	1,365,900	279,594	20.5%
Use of Money & Property	1,318,300	1,549,451	117.5%
Interdepartmental Charges	1,196,200	1,188,500	99.4%
Fines & Forfeitures	1,073,290	1,190,037	110.9%
Other Revenues	175,670	(244,792)	-139.3%
Transfers In	170,093	133,903	78.7%
Grand Total	83,094,008	86,594,093	104.2%

PROPERTY TAX

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. Property tax is 11.8% over budget and is up over eight percent from the prior year. Staff has included this revenue in the proposed budget amendment.

SALES TAX

Sales Tax revenue was within one percent of the current budget and less than a one percent increase from last fiscal year. While sales tax had spiked in prior years due to the bounce back from the pandemic, as the City's revenue consultant (HdL) predicted, sales tax flattened in FY2022-23.

OTHER TAXES

This category includes Franchise Fees, Business License Tax, Transient Occupancy Tax (TOT), and Property Transfer Tax. At the end of the year over \$10M or 106.7% of the current budget projection had been realized. This is a three percent increase from the prior fiscal year.

CHARGES FOR SERVICES

These revenues include plan check and zoning related fees, recreation fees, interfund charges, police, and fire fees. These fees ended the year as expected with \$7.7 million in revenue. This is down nine percent from the prior fiscal year when there was an influx in projects.

LICENSE & PERMITS

Revenues for licenses & permits include building and engineering permits, and animal licenses. Revenue for the year ended 6.4% over budget and up 18.7% from the prior year.

REVENUES FROM OTHER AGENCIES

This category includes Vehicle In-Lieu, State Mandated Cost reimbursement revenue, and the exchange of

Prop A funds, which is the largest revenue source in this category (accounts for \$1.8 million).

COST RECOVERY

This category accounts for mutual aid cost reimbursement for strike team deployments for the Fire Department. Strike deployments have decreased over the past few months, ending the year with only \$279k in reimbursements or 20.5% of the budget. This is down over 82% from last year.

INTERDEPARTMENTAL CHARGES

This category includes overhead chargebacks from internal service funds: General Liability, Workers Compensation, and Fleet Maintenance. These charges are equally distributed across the fiscal year and billed monthly.

USE OF MONEY & PROPERTY

This category includes rental and interest income. The year ended with over \$1.5M in revenue, which is 17.5% over budget. This is primarily due to an increase in interest income.

FINES & FORFEITURES

This category includes late payment penalties, collection agency fees, code fines, vehicle impound fees, and administrative citations. Overall, fines and forfeitures were nearly \$1.2 million and ten percent over budget. This is mainly due to vehicle and parking code fines.

OTHER REVENUES

This category includes proceeds from auction, advertising, final map, and other miscellaneous revenue. This category is negative due to the end of year fair value adjustment (-\$422k). Excluding that, this category ended as estimated at \$177k.

TRANSFERS IN

This category includes a transfer from the Successor Agency for administrative costs. This transfer is made at the end of the fiscal year.

REVENUES PROJECTIONS

Revenue projections are revised with the Quarterly Report based on actuals to date. The total proposed adjustment is an increase of \$ 3,400,011 in revenue to the General Fund.

Table 2: GF Revenue Projection

Revenue Source	Current Budget	Proposed Adj.	Revised Projection
Charges for Services	7,714,120	400,000	8,114,120
Cost Recovery	1,365,900	(1,100,000)	265,900
Fines & Forfeitures	1,073,290		1,073,290
Interdepartmental Charges	1,196,200		1,196,200
Licenses & Permits	4,991,810	600,000	5,591,810
Other Revenues	175,670		175,670
Other Taxes	9,446,000		9,446,000
Property Tax	29,872,000	3,500,000	33,372,000
Revenue from Other Agencies	2,628,625		2,628,625
Sales Tax	23,142,000		23,142,000
Transfers In	170,093	11	170,104
Use of Money & Property	1,318,300		1,318,300
Grand Total	83,094,008	3,400,011	86,494,019

GENERAL FUND EXPENDITURES

As of June 30, 2023, with 100% of the year complete, 102% of the General Fund budget was expensed (see Table 3). Administration was over budget due to excess salaries and benefits paid out and changes to the new City Attorney contract. City Clerk was over due to the city election which came in over the estimate. The Fire Department was over due to overtime. The Police Department was over in salaries and benefits due to a decrease in vacancy savings and fuel charges. Transfers out were over primarily due to negative revenue less expenditures within the Sportsplex and General Liability funds.

Table 3: GF Expenditures – Budget vs. YTD Actual

Department	Current Budget	YTD Actual	%
Administration	2,661,699	2,887,083	108.5%
City Clerk	586,103	603,374	102.9%
Community Development	4,566,416	4,511,361	98.8%
Finance	2,398,716	2,003,806	83.5%
Fire	21,683,472	21,701,083	100.1%
Human Resources	854,232	957,277	112.1%
Police	28,508,492	29,398,130	103.1%
Public Services	6,295,545	5,784,529	91.9%
Transfers Out	20,415,113	22,066,601	108.1%
Grand Total	87,969,788	89,913,243	102.2%

GENERAL FUND OVERTIME

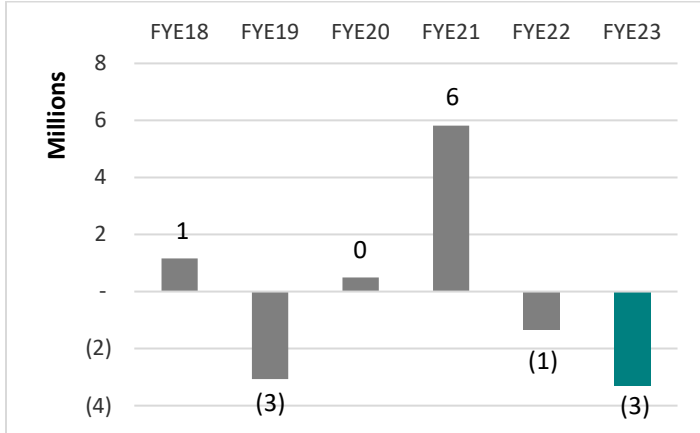
Table 4 summarizes overtime by department within the General Fund. Overtime was over budget by 4.6% in Fire (12%) and Public Services (1.3%). Public Services overtime is over due to Special Events which are increasing to pre-pandemic levels and have been offset by salary savings.

Table 4: GF Overtime YTD

Department	Current Budget	YTD GF Overtime	%
Administration	4,030	894	22.2%
Community Development	0	10,081	0.0%
Finance	2,860	1,217	42.5%
Fire	3,733,160	4,182,788	112.0%
Human Resources	0	152	0.0%
Police	3,465,240	3,345,983	96.6%
Public Services	117,110	118,626	101.3%
Grand Total	7,322,400	7,659,742	104.6%

Overall, total General Fund Revenue (\$86.6M) less Expenditures (\$89.9M) for the year is negative \$3.3 million.

Chart 2: GF 4th Quarter Revenue Less Expenditures by FY



This negative is a result of transfers to other funds:

1. Transfers to capital funds in accordance with the City’s the Fund Balance Policy to utilize excess unassigned fund balance – a total of \$3.2 million (\$2.5M to capital projects and \$714k to vehicle replacement).
2. Transfer to the Self Insurance General Liability fund totaling \$2.6 million to cover over \$3.1 million in claims and settlements paid.

PROPOSED BUDGET AMENDMENT

The original adopted General Fund budget for FY 2022-23 was for \$79,433,063 expenditures. The second quarter budget amendment had a positive net impact on the General Fund of \$45,100. The third quarter budget amendment had a positive net impact on the General Fund of \$3,050. While \$3,054,260 in expenditures is proposed to be added, the fourth quarter budget amendment has a positive net impact to the general fund of \$345,751. Table 5 outlines the proposed amendment.

Table 5: Summary of Proposed GF Budget Amendment

Department	Current Budget	Requested BA	Amended Budget
Administration	2,661,699	259,500	2,921,199
City Clerk	586,103	61,100	647,203
Community Development	4,566,416	0	4,566,416
Finance	2,398,716	0	2,398,716
Fire	21,683,472	27,600	21,711,072
Human Resources	854,232	130,000	984,232
Police	28,508,492	896,500	29,404,992
Public Services	6,295,545	0	6,295,545
Transfers Out	20,415,113	1,679,560	22,094,673
Grand Total	87,969,788	3,054,260	91,024,048

The proposed General Fund budget amendment totals \$3,054,260 and includes the following:

1. **Administration (\$259,500):** Salaries and benefits are proposed to be increased as well as legal fees to compensate for the increase in the City Attorney contract.
2. **City Clerk (\$61,100):** A total of \$61,100 is proposed to be added for the city election.
3. **Fire (\$27,600):** A total of \$27,000 is proposed to be added to Fire overtime.
4. **Human Resources (\$130k):** Funding is proposed to be added to fund the influx of legal services.
5. **Police (\$896,500):** Appropriations are proposed to be increased by \$896k for salaries and benefits and fuel charges.
6. **Transfers Out (\$1,679,560):** A transfer from the General Fund is proposed to the Sportsplex Fund (\$94,080), General Liability Fund (\$2,672,110), Equitable Sharing, Treasury Fund (\$42,230) to cover expenses in a prior year that were recently deemed to be ineligible, and Successor Agency Fund (\$71,140) to cover expenses in a prior year that were denied on the ROPS. These increases are offset by a decrease to the capital projects fund (\$400k) and debt service fund (\$800k).

ENTERPRISE FUND (FUND 375)

This fund accounts for the computer services provided by the Police Department to other public safety agencies for a fee. The programs are marketed to both public and private agencies. The Police Department also utilizes these products and services. The fund ended the year within its budget.

Table 6: Police Enterprise Budget vs. YTD Actuals

Type	Current Budget	YTD Actual	%
Revenue	645,080	682,138	105.7%
Expenditures	731,831	682,697	93.3%
Revenue Less Expenditures	(86,751)	(559)	

SPORTSPLEX (FUND 242)

This fund accounts for activity at the West Covina Sportsplex, a recreation facility which amenities include softball fields, a pavilion, playgrounds, and restaurants. Budget versus actual comparisons for both revenue and expenditures for the Sportsplex are presented in Table 7 below. The Sportsplex ended the year with revenue less expenditures of \$4,048.

Table 7: Sportsplex Budget vs. YTD Actuals

Type	Current Budget	YTD Actual	%
Revenue			
Transfers In	429,583	523,661	121.9%
Charges for Services	326,000	104,312	32.0%
Use of Money & Property	81,930	91,784	112.0%
Other Revenues	5,900	900	15.3%
Revenue Total	843,413	720,657	
Expenditures			
Materials & Services	526,035	476,318	90.5%
Salaries & Benefits	306,378	232,548	75.9%
Capital	11,000	7,743	70.4%
Expenditures Total	843,413	716,609	
Revenue less Expenditures	0	4,048	

OTHER FUNDS

Table 8 shows budget versus actuals for other funds:

Table 8: Other Funds Budget vs. YTD Actuals

Fund Grouping	Current Budget	YTD Actual	%
Assessment Districts			
Revenue	4,266,660	4,334,252	101.6%
Expenditures	5,329,809	3,731,883	70.0%
Capital Project Funds			
Revenue	3,710,600	3,203,234	86.3%
Expenditures	9,780,091	2,175,839	22.2%
CDBG			
Revenue	2,284,395	512,934	22.5%
Expenditures	2,420,512	440,404	18.2%
CFD			
Revenue	777,400	1,370,629	176.3%
Expenditures	5,202,421	105,263	2.0%
Debt Service			
Revenue	15,446,948	15,476,745	100.2%
Expenditures	15,258,000	15,369,469	100.7%
Gas Tax			
Revenue	3,063,915	2,760,852	90.1%
Expenditures	4,413,790	3,267,834	74.0%
Grant Funds			
Revenue	11,417,277	3,792,308	33.2%
Expenditures	24,973,574	3,331,696	13.3%
Health Department			
Expenditures	0	0	100.0%
Housing Authority			
Revenue	22,790	446,194	1957.8%
Expenditures	1,139,103	869,846	76.4%
Internal Service Funds			
Revenue	7,588,952	10,922,720	143.9%
Expenditures	5,299,046	9,310,017	175.7%
Metro Funds			
Revenue	7,561,700	9,404,960	124.4%
Expenditures	10,206,930	6,323,299	62.0%
Other SR Funds			
Revenue	4,618,939	8,970,695	194.2%
Expenditures	9,306,631	5,422,560	58.3%
SB1			
Revenue	2,989,658	3,109,512	104.0%
Expenditures	6,107,106	3,691,173	60.4%
Sewer Maintenance			
Revenue	3,769,530	4,405,980	116.9%
Expenditures	7,651,997	2,627,591	34.3%
Successor Agency			
Revenue	13,002,110	3,611,691	27.8%
Expenditures	1,682,558	2,239,561	133.1%

Other Funds	Current Budget	Requested BA	Amended Budget
Equitable Sharing-US Treas (118)			
Revenue	0	42,230	42,230
Transportation Development Act (128)			
Revenue	70,000		70,000
Expenditures	140,000	10	140,010
Used Oil Block Grant (149)			
Expenditures	14,700	26,370	41,070
COPS/SLESF (155)			
Revenue	271,130		271,130
Expenditures	689,305	15,000	704,305
CRV Recycling Grant (158)			
Revenue	28,000	26,370	54,370
Expenditures	28,000	4,480	32,480
Capital Projects (160)			
Revenue	2,924,000	(400,000)	2,524,000
Expenditures	7,719,307		7,719,307
PDF A - Del Norte (170)			
Expenditures	30,000	3,375	33,375
PDF D Walmerado-Cam. (173)			
Revenue	30,020	3,375	33,395
Expenditures	339,218	6,425	345,643
WC Community Svcs Foundation (220)			
Revenue	109,562		109,562
Expenditures	398,835	168,000	566,835
Measure M (235)			
Revenue	1,539,700		1,539,700
Expenditures	2,520,225	(99,999)	2,420,226
CA Bureau of State Comm. Corr. (239)			
Expenditures	-	1	1
Sportsplex (242)			
Revenue	843,413	94,080	937,493
Expenditures	843,413		843,413
Debt Service - City (300)			
Revenue	15,446,948	(800,000)	14,646,948
Expenditures	15,258,000	113,000	15,371,000
Self Insurance General/Auto Liab (361)			
Revenue	2,201,600	2,422,110	4,623,710
Expenditures	1,650,000	3,153,000	4,803,000
Self-Insurance Workers' Comp (363)			
Revenue	1,375,395	250,000	1,625,395
Expenditures	1,378,000	1,400,000	2,778,000
Redevelopment Obligation Ret. (810)			
Revenue	13,002,110	71,140	13,073,250
Expenditures	1,432,558	2,003,610	3,436,168
Successor Agency Admin. (815)			
Revenue	0	250,000	250,000
Expenditures	250,000		250,000

In addition to the proposed amendments in the General Fund, the following is recommended:

- Amendments to true up Grant Funds:** Based on preliminary analysis of all funds, the following grant funds exceeded budgeted expenditures but are still within their eligible allowance: Used Oil Block Grant Fund 149 (\$26,370), COPS/SELF Grant Fund 155 (\$15,000), CRV Recycling Grant Fund 158 (\$4,480), and CA Board of State Comm Corrections Fund 239 (\$1).
- Self-Insurance General/Auto Liability Fund 361 (\$3,153,000) and Workers' Compensation Fund 363 (\$1,400,000):** The City had an extraordinary year in claims and settlements. Appropriations are proposed to be increased accordingly.
- Debt Service Fund 300 (\$113,000):** Appropriations are proposed to be increased to reflect an extra debt service payment made to the lease purchase agreements from the excess proceeds from the energy projects.
- Community Services Foundation Fund 220 (\$168,000):** Additional funding for special events added throughout the fiscal year.
- PDF Funds 170 and 173:** Walmerado Park Improvements (Project No. 22026) came in slightly over budget by (\$6,425). A transfer of \$3,375 is proposed from PDF A, Fund 170 to cover the overage,
- Successor Agency Fund 810:** Appropriations for the Successor Fund are proposed to be increased to reflect the approved Recognized Obligation Payment Schedule (ROPS) (\$2,003,610).
- Measure M, Fund 235 (\$99,999):** Removed duplicate project (#23013) for Citrus Avenue Rehab.

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.