



**FIRST QUARTER FINANCIAL REPORT**

**Fiscal Year 2023-24**

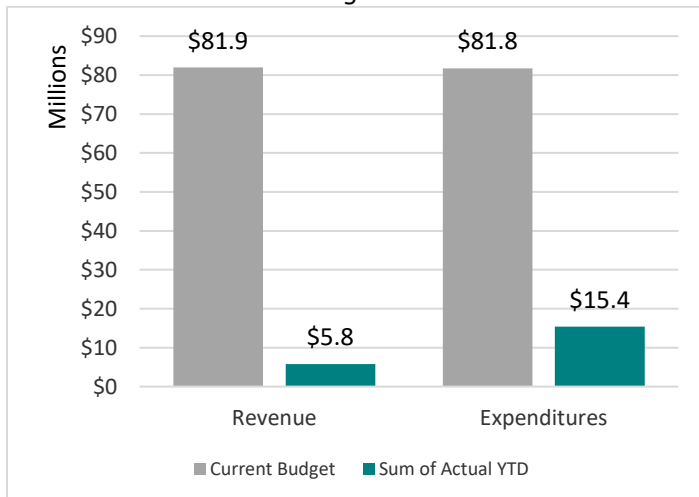
The City has completed the first quarter of Fiscal Year (FY) 2023-24. This report summarizes the overall financial performance of the City for the period of July 1, 2023, through September 30, 2023, but it is not meant to be inclusive of all finance and accounting transactions. While the focus of the 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 September 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 2023-24 was \$81.9 million in revenue, \$81.8 million in expenditures, and a total revenue less expenditures of \$176,081. With only 25% of the year complete, General Fund revenues are 6.9% of budget, and expenditures are 18.8%. Total revenues are \$5.7 million, and expenditures are \$15.4 million leaving a total revenue less expenditures negative 9.6 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                | 32,710,100        | 0                | 0.0%        |
| Sales Tax                   | 23,026,000        | 1,905,062        | 8.3%        |
| Other Taxes                 | 9,758,500         | 456,930          | 4.7%        |
| Charges for Services        | 6,328,728         | 1,921,237        | 30.4%       |
| Revenue from Other Agencies | 3,063,600         | 917              | 0.0%        |
| Licenses & Permits          | 2,885,800         | 716,075          | 24.8%       |
| Use of Money & Property     | 1,313,500         | 322,070          | 24.5%       |
| Interdepartmental Charges   | 1,196,200         | 299,053          | 25.0%       |
| Fines & Forfeitures         | 970,720           | 138,218          | 14.2%       |
| Cost Recovery               | 321,100           | 0                | 0.0%        |
| Other Revenues              | 194,030           | 12,602           | 6.5%        |
| Transfers In                | 159,762           | 0                | 0.0%        |
| <b>Grand Total</b>          | <b>81,928,040</b> | <b>5,672,479</b> | <b>6.9%</b> |

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**PROPERTY TAX**

The first major property tax distribution to the City for FY 2023-24 will be received in December. 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.

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**SALES TAX**

As of September 30, 2023, the allocation received represents approximately 8.3% of the total sales tax allocation for the year. This is typical for this time of year as there is a two-month lag in sales tax distributions. 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 2024.

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**OTHER TAXES**

This category includes Franchise Fees, Business License Tax, Transient Occupancy Tax (TOT), and Property Transfer Tax. At the end of the first quarter only \$456k or 4.7 percent of the original budget projection had been realized. This is due to a lag in when these revenues are received. Additionally, these taxes are not evenly disbursed throughout the year.

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**CHARGES FOR SERVICES**

These revenues include plan check and zoning related fees, recreation fees, interfund charges, police, and fire fees. These fees are trending slightly above projected at approximately 30% or \$1.9 million through September 2023.

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**LICENSE & PERMITS**

Revenues for licenses & permits include building and engineering permits, and animal licenses. Revenue projections are trending as projected at nearly 25 percent of the original budget projection or \$716k.

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**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. Most of this revenue is received one-time within the fiscal year. Additionally, the Prop A Exchange (which accounts for \$2.3 million) typically does not occur until the end of the fiscal year.

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**COST RECOVERY**

This category accounts for mutual aid cost reimbursement for strike team deployments for the Fire Department. As of the first quarter, the City had not received any reimbursements.

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**INTERDEPARTMENTAL CHARGES**

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

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**USE OF MONEY & PROPERTY**

This category includes rental and interest income. These are trending as expected at 24.5% or \$322k through September 2023. Interest income is trending over budget at 35% or \$194k. This overage is included in the proposed budget amendment.

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**FINES & FORFEITURES**

This category includes late payment penalties, collection agency fees, code fines, vehicle impound fees, and administrative citations. Overall, fines and forfeitures are only 14 percent for the quarter.

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**OTHER REVENUES**

This category includes proceeds from auction, advertising, final map, and other miscellaneous revenue. At the end of the first quarter, \$12k or 6.5% of the original budget projection has been realized.

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**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 \$50,000 in revenue for the General Fund.

*Table 2: GF Revenue Projection*

| Revenue Source              | Current Budget    | Proposed Adj. | Revised Projection |
|-----------------------------|-------------------|---------------|--------------------|
| Charges for Services        | 6,328,728         |               | 6,328,728          |
| Cost Recovery               | 321,100           |               | 321,100            |
| Fines & Forfeitures         | 970,720           |               | 970,720            |
| Interdepartmental Charges   | 1,196,200         |               | 1,196,200          |
| Licenses & Permits          | 2,885,800         |               | 2,885,800          |
| Other Revenues              | 194,030           |               | 194,030            |
| Other Taxes                 | 9,758,500         |               | 9,758,500          |
| Property Tax                | 32,710,100        |               | 32,710,100         |
| Revenue from Other Agencies | 3,063,600         |               | 3,063,600          |
| Sales Tax                   | 23,026,000        |               | 23,026,000         |
| Transfers In                | 159,762           |               | 159,762            |
| Use of Money & Property     | 1,313,500         | 50,000        | 1,363,500          |
| <b>Grand Total</b>          | <b>81,928,040</b> | <b>50,000</b> | <b>81,978,040</b>  |

**GENERAL FUND EXPENDITURES**

As of September 30, 2023, with 25% of the year complete, 18.8% of the General Fund budget was expensed (see Table 3). With the exception of the Fire Department, all departments are trending under budget (under 25%). Fire is over due to Mutual Aide overtime. Mutual Aide overtime will be reimbursed, and a budget amendment will be proposed once the reimbursement is received.

*Table 3: GF Expenditures – Budget vs. YTD Actual*

| Department            | Current Budget    | YTD Actual        | %            |
|-----------------------|-------------------|-------------------|--------------|
| Administration        | 1,569,154         | 319,099           | 20.3%        |
| City Clerk            | 369,777           | 70,545            | 19.1%        |
| Community Development | 2,832,565         | 409,483           | 14.5%        |
| Finance               | 3,685,801         | 597,407           | 16.2%        |
| Fire                  | 20,880,808        | 5,425,235         | 26.0%        |
| Human Resources       | 805,967           | 133,837           | 16.6%        |
| Police                | 30,940,622        | 7,408,907         | 23.9%        |
| Public Services       | 5,467,890         | 922,625           | 16.9%        |
| Transfers Out         | 15,199,375        | 94,533            | 0.6%         |
| <b>Grand Total</b>    | <b>81,751,959</b> | <b>15,381,670</b> | <b>18.8%</b> |

**GENERAL FUND OVERTIME**

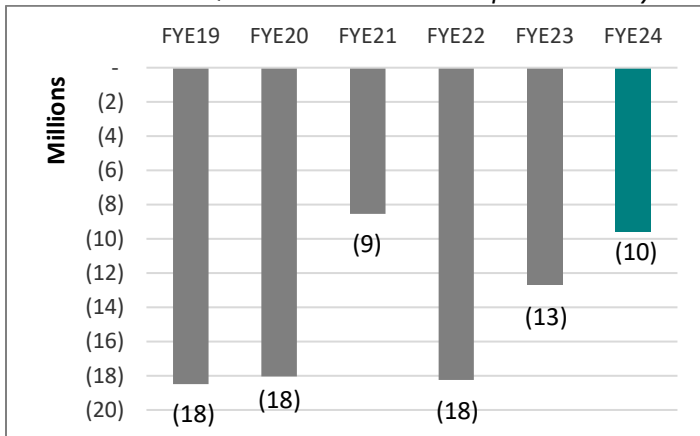
Table 4 summarizes overtime by department within the General Fund. Overtime is over budget in Administration and trending over budget Police. Community Development is negative due to a retro payment from the prior fiscal year.

*Table 4: GF Overtime YTD*

| Department            | Current Budget   | YTD GF Overtime  | %            |
|-----------------------|------------------|------------------|--------------|
| Administration        | 200              | 754              | 376.9%       |
| Community Development | 8,200            | (315)            | -3.8%        |
| Finance               | 2,400            | 0                | 0.0%         |
| Fire                  | 3,711,900        | 705,867          | 19.0%        |
| Human Resources       | 200              | 0                | 0.0%         |
| Police                | 3,363,500        | 902,780          | 26.8%        |
| Public Services       | 138,400          | 33,271           | 24.0%        |
| <b>Grand Total</b>    | <b>7,224,800</b> | <b>1,642,358</b> | <b>22.7%</b> |

Overall, total General Fund Revenue (\$5.67M) less expenditures (\$15.4M) for the year is negative \$9.6 million. Negative revenue less expenditures is typical for this time of year due to the lag in property and sales tax revenue – the City’s primary revenue sources. Except for FY 2020-21, when the City had an influx of revenue due to the pension bonds, current year revenue less expenditures are up from prior years.

Chart 2: GF 4<sup>th</sup> Quarter Revenue Less Expenditures by FY



**PROPOSED BUDGET AMENDMENT**

The original adopted General Fund budget for FY 2023-24 was \$81,751,959 for expenditures. The first quarter budget amendment proposes to add \$16,204 in expenditures. With \$50,000 in revenue also proposed, there is a positive net impact on the general fund of \$33,796. Table 5 outlines the proposed amendment.

Table 5: Summary of Proposed GF Budget Amendment

| Department            | Current Budget    | Requested BA  | Amended Budget    |
|-----------------------|-------------------|---------------|-------------------|
| Administration        | 1,569,154         | 1,204         | 1,570,358         |
| City Clerk            | 369,777           |               | 369,777           |
| Community Development | 2,832,565         | 4,150         | 2,836,715         |
| Finance               | 3,685,801         |               | 3,685,801         |
| Fire                  | 20,880,808        | 0             | 20,880,808        |
| Human Resources       | 805,967           | 7,370         | 813,337           |
| Police                | 30,940,622        |               | 30,940,622        |
| Public Services       | 5,467,890         | 3,480         | 5,471,370         |
| Transfers Out         | 15,199,375        |               | 15,199,375        |
| <b>Grand Total</b>    | <b>81,751,959</b> | <b>16,204</b> | <b>81,768,163</b> |

The proposed General Fund budget amendment totals \$16,204 and includes the following:

- 1. Commissioner Compensation (\$10,000):** Salaries are proposed to be increased based on the recent increases to Commissioner Compensation.
- 2. City Manager (\$1,204):** The annual dues for Southern California Association of Governments (SCAG) are anticipated to be slightly over budget by \$1,204.
- 3. Human Resources (\$5k):** Last fiscal year Council appropriated \$5,000 for employee appreciation events. Staff proposes re-appropriating this for this fiscal year.

**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. Revenue is generally billed once annually. Expenditures are trending over budget due to one-time annual expenses.

*Table 6: Police Enterprise Budget vs. YTD Actuals*

| Type                             | Current Budget  | YTD Actual       | %     |
|----------------------------------|-----------------|------------------|-------|
| Revenue                          | 647,280         | 0                | 0.0%  |
| Expenditures                     | 685,998         | 267,153          | 38.9% |
| <b>Revenue Less Expenditures</b> | <b>(38,718)</b> | <b>(267,153)</b> |       |

**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       | %      |
|----------------------------------|----------------|------------------|--------|
| <b>Revenue</b>                   |                |                  |        |
| Transfers In                     | 617,763        | 0                | 0.0%   |
| Charges for Services             | 224,000        | 24,915           | 11.1%  |
| Use of Money & Property          | 62,800         | 33,089           | 52.7%  |
| Other Revenues                   | 800            | 1,200            | 150.0% |
| <b>Revenue Total</b>             | <b>905,363</b> | <b>59,204</b>    |        |
| <b>Expenditures</b>              |                |                  |        |
| Salaries & Benefits              | 511,263        | 157,992          | 43.9%  |
| Materials & Services             | 369,100        | 162,086          | 30.9%  |
| Capital                          | 25,000         | -                | 0.0%   |
| <b>Expenditures Total</b>        | <b>905,363</b> | <b>320,078</b>   |        |
| <b>Revenue less Expenditures</b> | <b>0</b>       | <b>(260,874)</b> |        |

**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 | %      |
|-------------------------------|----------------|------------|--------|
| <b>Assessment Districts</b>   |                |            |        |
| Revenue                       | 4,325,200      | -          | 0.0%   |
| Expenditures                  | 5,662,907      | 920,363    | 11.8%  |
| <b>Capital Project Funds</b>  |                |            |        |
| Revenue                       | 540,390        | 451,840    | 83.6%  |
| Expenditures                  | 2,773,832      | 100,738    | 5.7%   |
| <b>CDBG</b>                   |                |            |        |
| Revenue                       | 291,511        | 59,492     | 20.4%  |
| Expenditures                  | 291,511        | 64,262     | 17.1%  |
| <b>CFD</b>                    |                |            |        |
| Revenue                       |                | -          | 100.0% |
| Expenditures                  | 0              | 13,312     | 100.0% |
| <b>Debt Service</b>           |                |            |        |
| Revenue                       | 16,046,292     | 192,575    | 1.2%   |
| Expenditures                  | 15,453,591     | 7,683,876  | 49.7%  |
| <b>Gas Tax</b>                |                |            |        |
| Revenue                       | 3,107,904      | 535,888    | 17.2%  |
| Expenditures                  | 3,611,991      | 877,556    | 14.9%  |
| <b>Grant Funds</b>            |                |            |        |
| Revenue                       | 922,908        | 14,319     | 1.6%   |
| Expenditures                  | 1,074,741      | 469,199    | 14.7%  |
| <b>Housing Authority</b>      |                |            |        |
| Revenue                       | 72,000         | 630        | 0.9%   |
| Expenditures                  | 978,145        | 461,356    | 31.0%  |
| <b>Internal Service Funds</b> |                |            |        |
| Revenue                       | 6,412,929      | 1,389,588  | 21.7%  |
| Expenditures                  | 7,172,854      | 2,683,364  | 34.9%  |
| <b>Metro Funds</b>            |                |            |        |
| Revenue                       | 10,362,264     | 2,167,147  | 20.9%  |
| Expenditures                  | 10,034,903     | 2,314,050  | 4.0%   |
| <b>Other SR Funds</b>         |                |            |        |
| Revenue                       | 4,248,017      | 225,095    | 5.3%   |
| Expenditures                  | 6,550,658      | 1,213,169  | 7.6%   |
| <b>SB1</b>                    |                |            |        |
| Revenue                       | 3,309,511      | 534,107    | 16.1%  |
| Expenditures                  | 4,100,000      | -          | 0.5%   |
| <b>Sewer Maintenance</b>      |                |            |        |
| Revenue                       | 4,352,200      | -          | 0.0%   |
| Expenditures                  | 2,310,834      | 1,195,462  | 14.4%  |
| <b>Successor Agency</b>       |                |            |        |
| Revenue                       | 2,847,944      | 13,155     | 0.5%   |
| Expenditures                  | 3,502,488      | 1,384,787  | 38.9%  |

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

1. **Fund 119, Air Quality Improvement Trust:** Audit services related to this fund are anticipated to be over budget by \$100. Therefore, appropriations are proposed to be increased accordingly. There is sufficient funding available in fund balance to cover this overage.
2. **Fund 220, Community Services Foundation:** A total of \$10,666 is proposed to be rolled over from last fiscal year and appropriated for Police and Fire. Additionally, the \$2,065 received in donations to-date is also proposed to be appropriated.
3. **Fund 365, Fleet Management (\$230k):** Vehicle chargebacks and sublet repairs are both proposed to be decreased by \$230,000 as this will be paid directly from the Fire Department’s budget under the General Fund. The net impact of this change to the General Fund is zero.

Table 9: Summary of Proposed Budget Amendment to Other Funds

| Other Funds                                | Current Budget | Requested BA | Amended Budget |
|--|----------------|--------------|----------------|
| <b>Air Quality Improvement Trust (119)</b> |                |              |                |
| Revenue                                    | 139,900        |              | 139,900        |
| Expenditures                               | 226,400        | 100          | 226,500        |
| <b>WC Community Svcs Foundation (220)</b>  |                |              |                |
| Revenue                                    | 141,900        | 2,065        | 143,965        |
| Expenditures                               | 272,300        | 12,731       | 285,031        |
| <b>Fleet Management (365)</b>              |                |              |                |
| Revenue                                    | 1,786,200      | (230,000)    | 1,556,200      |
| Expenditures                               | 1,786,200      | (230,000)    | 1,556,200      |

**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).