



SECOND QUARTER FINANCIAL REPORT

Fiscal Year 2023-24

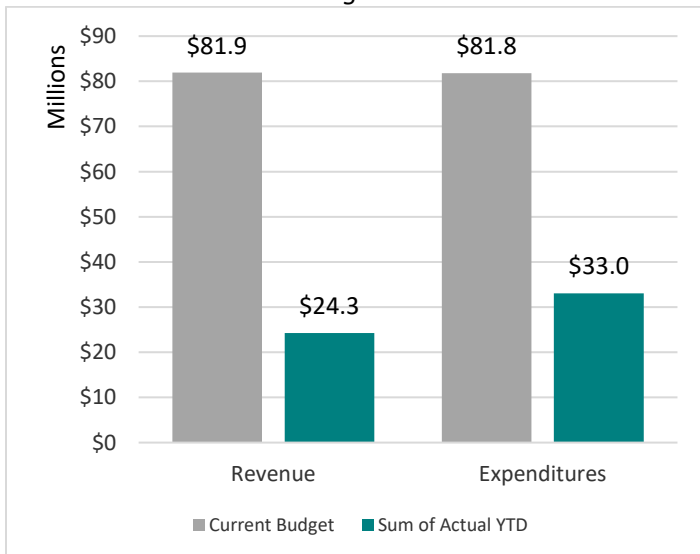
The City has completed the first quarter of Fiscal Year (FY) 2023-24. This report summarizes the overall financial performance of the City for the period of July 1, 2023, through December 31, 2023, but it is not meant to be inclusive of all finance and accounting transactions. While the focus of the 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 December 31, 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 50% of the year complete, General Fund revenues are 29.6% of budget, and expenditures are 40.4%. Total revenues are \$24.3 million, and expenditures are \$33 million leaving a total revenue less expenditures negative 8.7 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	6,110,282	1.0%
Sales Tax	23,026,000	8,223,363	35.7%
Other Taxes	9,758,500	2,172,068	22.3%
Charges for Services	6,328,728	3,875,022	61.2%
Revenue from Other Agencies	3,063,600	73,265	2.4%
Licenses & Permits	2,885,800	1,362,927	47.2%
Use of Money & Property	1,313,500	1,349,798	102.8%
Interdepartmental Charges	1,196,200	598,105	50.0%
Fines & Forfeitures	970,720	467,002	48.1%
Cost Recovery	321,100	0	0.0%
Other Revenues	194,030	44,905	23.1%
Transfers In	159,762	0	0.0%
Grand Total	81,928,040	24,276,735	29.6%

PROPERTY TAX

The first major property tax distribution to the City for FY 2023-24 was 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.

SALES TAX

As of December 31, 2023, the allocation received represents approximately 35.7% 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. The City receives its sales tax projections from HdL. According to their December 2023 California Forecast, sales tax projections will be over the original budget. An increase has been included in the proposed budget amendment.

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 \$2.2 or 22.3 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.

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 61.2% or \$3.9 million through December 2023. This is mainly due to Ambulance Services revenue that is trending over budget. This overage is included in the proposed budget amendment.

LICENSE & PERMITS

Revenues for licenses & permits include building and engineering permits, and animal licenses. Revenue projections are trending as projected at nearly 50% of the original budget projection or \$1.4 million.

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.

COST RECOVERY

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

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.

USE OF MONEY & PROPERTY

This category includes rental and interest income. These are trending over budget at 102.8% or \$1.3 million through December 2023. Interest income is trending over budget by 97% or \$1.1 million. This overage is included in the proposed budget amendment.

FINES & FORFEITURES

This category includes late payment penalties, collection agency fees, code fines, vehicle impound fees, and administrative citations. Overall, fines and forfeitures are 48 percent for the quarter.

OTHER REVENUES

This category includes proceeds from auction, advertising, final map, and other miscellaneous revenue. At the end of the second quarter, \$45k or 23% of the original budget projection has been realized.

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 \$2,430,000 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	1,464,000	7,792,728
Cost Recovery	321,100		321,100
Fines & Forfeitures	970,720	120,000	1,090,720
Interdepartmental Charges	1,196,200		1,196,200
Licenses & Permits	2,885,800	206,000	3,091,800
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	10,000	3,073,600
Sales Tax	23,026,000	724,000	23,750,000
Transfers In	159,762		159,762
Use of Money & Property	1,313,500	500,000	1,813,500
Grand Total	81,928,040	3,024,000	84,952,040

GENERAL FUND EXPENDITURES

As of December 31, 2023, with 50% of the year complete, 40.4% of the General Fund budget was expensed (see Table 3). With the exception of the Fire Department, all departments are trending under budget (under 50%). Fire is over due to Ground Emergency Medical Transportation (GEMT) Program payments. GEMT payments are expected to be reimbursed by the program, 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	1,589,154	697,872	43.9%
City Clerk	369,777	128,837	34.8%
Community Development	2,832,565	1,243,847	43.9%
Finance	3,685,801	1,476,568	40.1%
Fire	20,880,808	10,588,464	50.7%
Human Resources	805,967	264,179	32.8%
Police	30,940,622	15,136,161	48.9%
Public Services	5,467,890	2,529,930	46.3%
Transfers Out	15,199,375	969,264	6.4%
Grand Total	81,771,959	33,035,123	40.4%

GENERAL FUND OVERTIME

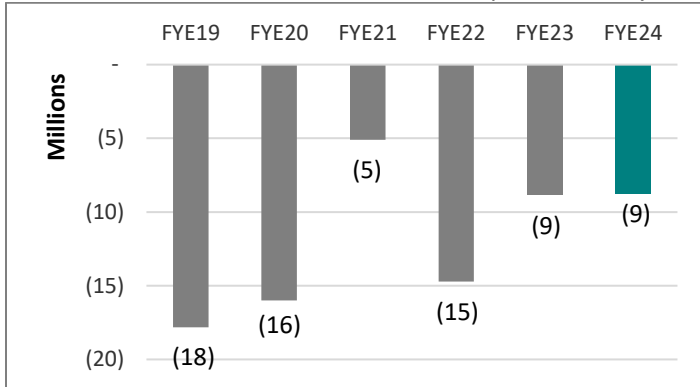
Table 4 summarizes overtime by department within the General Fund. Overtime is over budget in Administration and trending over budget in Community Development and Public Services. Police is trending within budget and Fire is trending under budget.

Table 4: GF Overtime YTD

Department	Current Budget	YTD GF Overtime	%
Administration	200	754	376.9%
Community Development	8,200	4,289	52.3%
Finance	2,400	345	14.4%
Fire	3,711,900	1,421,781	38.3%
Human Resources	200	86	43.1%
Police	3,363,500	1,696,852	50.4%
Public Services	138,400	92,304	66.7%
Grand Total	7,224,800	3,216,411	44.5%

Overall, total General Fund Revenue (\$24.3M) less expenditures (\$33M) for the year is negative \$8.7 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 4th 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 had a positive net impact of \$33,796. The second quarter amendment proposes adding \$5,799,472 in expenditures and \$3,024,000 in revenue for net change of negative \$2,775,472. Excluding the use of unassigned fund balance (\$2,815,500), the overall impact is positive \$40,028. Table 5 summarizes the proposed amendment.

Table 5: Summary of Proposed GF Budget Amendment

Department	Current Budget	Requested BA	Amended Budget
Administration	1,589,154	12,626	1,601,780
City Clerk	369,777	6,320	376,097
Community Development	2,832,565	578,000	3,410,565
Finance	3,685,801	7,005	3,692,806
Fire	20,880,808	558,320	21,439,128
Human Resources	805,967		805,967
Police	30,940,622	31,600	30,972,222
Public Services	5,467,890	3,601	5,471,491
Transfers Out	15,199,375	4,602,000	19,801,375
Grand Total	81,771,959	5,799,472	87,571,431

The proposed General Fund budget amendment totals \$5,799,472 and includes the following:

Revenue Increases (\$3,024,000): Sales Tax (\$724k) Interest Income (\$500k), Fines & Forfeitures (\$120k), Revenue from Other Agencies (\$10k), Ground Emergency Medical Transport (\$594k), Ambulance Services (\$870k), and Building Permit Revenue (\$206k).

Department Head Salary Increases (\$65,472): The salary increases approved by Council in December have been incorporated in the General Fund budget. The total fiscal impact of this increase is almost \$80k – the balance of which is spread across other funds as allocated.

Police Professional Services (\$20k): Expenditures are proposed to be increased to accommodate the psychological evaluations for the Carry Concealed Weapons (CCW) licenses applications.

Fire GEMT Payments (\$545k): Expenditures are proposed to be increased to accommodate the required program payments for the fiscal year. These are offset by the Ambulance revenue noted above.

Interfund Charges to General Liability and Workers’ Compensation (\$2.725M): The City has settled several of its open general liability claims. The City settled a wrongful termination claim with a former City Clerk employee for \$275,000 in June 2023. Due to the timing, this claim was still on the outstanding claims listing as of June 30, 2023. Further, the City settled personal injury claim with a Fire employee for \$450,000 in November 2023. Additionally, the City settled a Police bodily injury claim with a claimant for \$1,350,000 in November 2023. The City has \$1,000,000 in self-insured retention, leaving \$350,000 to be covered by the City’s excess carrier. Property and Liability Charges in each of these departments is proposed to be increases accordingly to accommodate these settlements. Additionally, Workers’ Compensation claims paid are higher than anticipated due to injuries prior to 2021-22. Therefore, \$1M is proposed to be transferred to Fund 363.

Use of Unassigned Fund Balance (\$1,877,000): Per the City’s Fund Balance Policy, the city shall maintain a minimum unassigned fund balance of at least 17% of the General Fund operating expenditures. At the end of the fiscal year, the annual excess revenue over expenditures in the City's General Fund will be automatically allocated as follows, unless the transfer is overridden by an action of City Council: 25% stays in the General Fund Balance reserves, 40% is transferred to the City's Capital Projects Fund, 10% is transferred to the Vehicle Replacement Fund, and 25% goes to pay down the City's Other Post Employment Benefit (OPEB) liability. Based on current year expenditures, the Available Fund Balance is \$3,754,000: 25% or \$938,500 is proposed to remain in the reserve, 40% or \$1,501,600 is proposed to be transferred to the Capital Projects Fund and 10% or \$375,400 is proposed to be transferred to the Vehicle Replacement Fund. The remaining 25% or \$938,500 is designated to pay down OPEB Liability, however, due to the unanticipated general liability settlements and claims, staff proposes utilizing this as part of the (\$1,725,000) transfer to Fund 361, the Self Insurance General/Auto Liability Fund.

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 within the budget.

Table 6: Police Enterprise Budget vs. YTD Actuals

Type	Current Budget	YTD Actual	%
Revenue	647,280	4,623	0.7%
Expenditures	685,998	276,924	40.4%
Revenue Less Expenditures	(38,718)	(272,301)	

SPORTSPLEX (FUND 242)

This fund accounts for activity at the Sportsplex, a recreational facility with 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 budget is trending under overall at 50 percent. However, while salaries and benefits are under, materials and services are over. Thus, expenditures are proposed to be increased. This will be offset by an increase in Revenue so there is not any impact on the General Fund.

Table 7: Sportsplex Budget vs. YTD Actuals

Type	Current Budget	YTD Actual	%
Revenue			
Transfers In	617,763	0	0.0%
Charges for Services	224,000	26,205	11.7%
Use of Money & Property	62,800	57,468	91.5%
Other Revenues	800	1,200	150.0%
Revenue Total	905,363	84,873	9.4%
Expenditures			
Salaries & Benefits	511,263	285,628	44.0%
Materials & Services	369,100	162,420	55.9%
Capital	25,000	-	0.0%
Expenditures Total	905,363	448,048	49.5%
Revenue less Expenditures	0	(363,175)	

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	4,325,200	1,837,870	42.5%
Expenditures	5,662,907	2,115,168	31.8%
Capital Project Funds			
Revenue	540,390	542,505	100.4%
Expenditures	2,773,832	228,526	15.9%
CDBG			
Revenue	291,511	63,594	21.8%
Expenditures	291,511	152,499	36.8%
CFD			
Expenditures	0	27,063	100.0%
Debt Service			
Revenue	16,046,292	1,454,313	9.1%
Expenditures	15,453,591	8,739,780	56.6%
Gas Tax			
Revenue	3,107,904	1,330,122	42.8%
Expenditures	3,611,991	1,606,385	36.4%
Grant Funds			
Revenue	985,908	112,761	11.4%
Expenditures	1,137,741	1,130,357	285.1%
Housing Authority			
Revenue	72,000	1,993	2.8%
Expenditures	978,145	785,814	61.3%
Internal Service Funds			
Revenue	6,412,929	3,270,960	51.0%
Expenditures	7,172,854	4,674,818	67.5%
Metro Funds			
Revenue	10,362,264	4,434,898	42.8%
Expenditures	10,034,903	2,921,862	12.7%
Other SR Funds			
Revenue	4,248,017	3,048,041	71.8%
Expenditures	6,550,658	2,158,287	19.5%
SB1			
Revenue	3,309,511	1,402,975	42.4%
Expenditures	4,100,000	-	13.7%
Sewer Maintenance			
Revenue	4,352,200	1,680,187	38.6%
Expenditures	2,310,834	1,541,605	31.4%
Sportsplex			
Revenue	905,363	84,873	9.4%
Expenditures	905,363	549,473	49.5%
Successor Agency			
Revenue	2,847,944	49,771	1.7%
Expenditures	3,502,488	1,758,315	49.8%

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

CIP and Vehicles & Mobile Equipment Rollover: Capital Improvement (\$41.8M) and Vehicles & Mobile Equipment (\$854,257) budgets have been rolled over from the prior fiscal year as authorized in the budget resolution.

Department Head Salary Increases (\$14,504): The salary increases approved by Council in December have been incorporated in the other funds as allocated.

Interfund Transfers (\$4,602,000): Transfers from the General Fund are reflected in the applicable funds: Self-Insurance Workers' Comp, Self-Insurance General/Auto Liability, Fund 363 (\$1M), Fund 361 (\$1.725M), Capital Projects, Fund 160 (\$1,501,600), and Vehicle Replacement, Fund 367 (\$375,400)

Non-CIP Rollovers: Fund 127, Police Donations expenditures have been rolled over (\$7,519), Fund 165, Fire Facilities Dev. Impact Fees (\$70k), Fund 232, Non-Federal Grants (\$46,200), Fund 225, CDBG - R (\$50k)

Implementation of Senate Bill (SB) 1383 (\$100k): Funding for implementation of SB 1383 is proposed to utilized from Fund 129, AB 939.

Sportsplex: \$52,100 in revenue and expenditures are proposed to be added.

Fund 365, Fleet Management (\$200k): Vehicle chargebacks and sublet repairs are both proposed to be decreased by \$200,000 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 Amendment to Other Funds

Other Funds	Current Budget	Requested BA	Amended Budget
Transportation Development Act (128)			
Expenditures	70,000	105,939	175,939
AB 939 (129)			
Expenditures	9,500	100,000	109,500
ARPA Local Fiscal Recovery Funds (179)			
Expenditures	0	8,378,632	8,378,632
Art In Public Places (212)			
Expenditures	0	199,998	199,998
Capital Projects (160)			
Revenue	0	1,501,600	1,501,600
Expenditures	1,030,000	6,410,180	7,440,180
Measure M (235)			
Expenditures	2,700,000	1,918,869	4,618,869
CDBG - R (225)			
Expenditures	0	50,000	50,000
Citywide Maintenance District (188)			
Expenditures	393,505	306,231	699,736
Community Dev. Block Grant (131)			
Expenditures	103,670	843,215	946,885
Sportsplex (242)			
Revenue	62,800	52,100	114,900
Expenditures	229,500	52,100	281,600
Fire Facilities Dev. Impact Fees (165)			
Expenditures	0	70,000	70,000
Fleet Management (365)			
Revenue	807,200	(200,000)	607,200
Expenditures	662,000	(200,000)	462,000
Gasoline Tax (124)			
Expenditures	797,283	699,239	1,496,522
Highway Safety Improvement Program (144)			
Expenditures	0	10,074,460	10,074,460
Information Technology (162)			
Expenditures	144,833	280,002	424,835
LA County Park Bond (143)			
Expenditures	0	66,785	66,785
Maintenance District #1 (181)			
Expenditures	100,000	274,130	374,130
Maintenance District #2 (182)			
Expenditures	100,000	71,092	171,092
Maintenance District #4 (184)			
Expenditures	100,000	85,053	185,053
Maintenance District #6 (186)			
Expenditures	0	7,098	7,098
Maintenance District #7 (187)			
Expenditures	0	16,370	16,370
Measure A (236)			
Expenditures	0	400,000	400,000
Measure R (224)			

Other Funds	Current Budget	Requested BA	Amended Budget
Expenditures	317,618	1,321,071	1,638,689
Measure W Stormwater (197)			
Expenditures	500,000	918,547	1,418,547
Non-Federal Grants (232)			
Expenditures	0	158,742	158,742
Park Acquisition Fund (169)			
Expenditures	0	104,795	104,795
Park Facilities Dev. Impact Fees (166)			
Expenditures	99,999	91,184	191,183
PDF C Orangewood - Ca (172)			
Expenditures	0	375,775	375,775
PDF E - Cortez (174)			
Expenditures	0	12,528	12,528
PDF F - Gal-Wogrov-Cam (175)			
Expenditures	0	150,000	150,000
PDF H - Friendship (177)			
Expenditures	0	75,000	75,000
Police Donations (127)			
Expenditures	2,000	10,000	12,000
Police Facilities Dev. Impact Fees (164)			
Expenditures	0	18,545	18,545
Prop C (122)			
Expenditures	80,988	24,411	105,399
SB1 - Road Maintenance Rehab (237)			
Expenditures	4,100,000	2,415,933	6,515,933
Self-Insurance General/Auto Liab (361)			
Revenue	0	1,725,000	1,725,000
Expenditures	1,761,800	1,725,000	3,486,800
Self-Insurance Workers' Comp (363)			
Revenue	0	1,000,000	1,000,000
Expenditures	1,549,002	1,000,000	2,549,002
Sewer Maintenance (189)			
Expenditures	1,009,978	4,261,683	5,271,661
STP Local (140)			
Expenditures	0	2,424,947	2,424,947
Successor Housing Agency (820)			
Expenditures	274,349	3,651	278,000
Vehicle Replacement (367)			
Revenue	0	375,400	375,400
Expenditures	200,000	245,991	445,991
Successor Agency Admin. (815)			
Expenditures	39,537	2,004	41,541

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.