



THIRD QUARTER FINANCIAL REPORT

Fiscal Year 2023-24

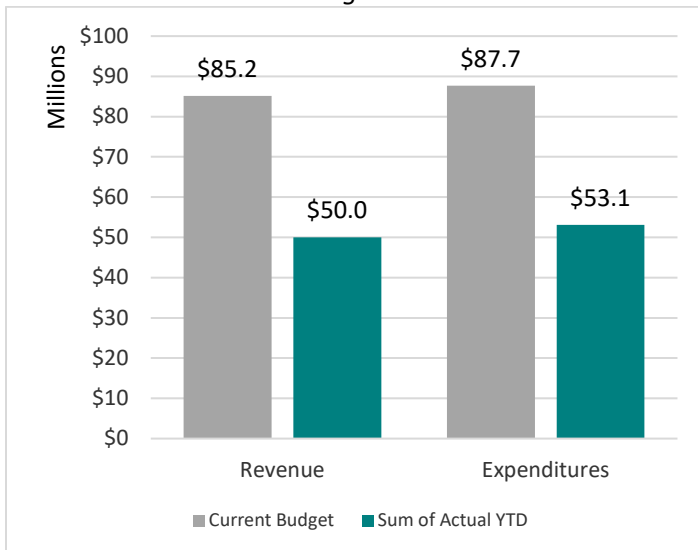
The City has completed the third quarter of Fiscal Year (FY) 2023-24. This report summarizes the overall financial performance of the City for the period of July 1, 2023, through March 31, 2024, but it is not meant to be inclusive of all finance and accounting transactions. While the focus of the report 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 March 31, 2024. 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 75% of the year complete, General Fund revenues are 58.7% of budget, and expenditures are 60.4%. Total revenues are \$50 million, and expenditures are \$52.9 million leaving a total revenue less expenditures negative \$2.9 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	17,633,585	53.9%
Sales Tax	23,750,000	14,773,800	62.2%
Other Taxes	9,758,500	5,453,005	55.9%
Charges for Services	7,957,308	5,889,876	74.0%
Licenses & Permits	3,091,800	2,188,872	70.8%
Revenue from Other Agencies	3,073,600	551,615	17.9%
Use of Money & Property	1,863,500	1,307,173	70.1%
Interdepartmental Charges	1,196,200	897,158	75.0%
Fines & Forfeitures	1,090,720	761,083	69.8%
Cost Recovery	321,100	463,400	144.3%
Other Revenues	194,030	90,290	46.5%
Transfers In	159,762	0	0.0%
Grand Total	85,166,620	50,009,857	58.7%

PROPERTY TAX

Included in this line item are Property Taxes, Property Taxes In-Lieu of Vehicle License Fees (VLF), and

residual payments from the dissolution of the former redevelopment agency. The first major property tax distribution was received in December. The VLF will be over budget by \$369,500. Staff has included this in the proposed budget amendment.

SALES TAX

As of March 31, 2024, the allocation received represents approximately 62.2% 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.

OTHER TAXES

This category includes Franchise Fees, Business License, Transient Occupancy Tax (TOT), and Property Transfer Tax. At the end of the third quarter \$5.4M or 55.9 percent of the original budget projection had been realized. This is due to a lag in when these revenues are received. Additionally, business license revenue is 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 as projected at 74% or \$5.9 million through March 31, 2024.

LICENSE & PERMITS

Revenues for licenses & permits include building and engineering permits, and animal licenses. Revenue projections are trending a little under budget at 70.8% of the original budget projection or \$2.2 million.

REVENUES FROM OTHER AGENCIES

This category includes Vehicle In-Lieu, State Mandated Cost reimbursements, and the exchange of Proposition A funds, the largest revenue source in this category. Most of this revenue is received once within

the fiscal year. Additionally, the Prop A Exchange (\$2.3 million) does not occur until the end of the fiscal year.

COST RECOVERY

This category includes mutual aid cost reimbursement for Fire strike team deployments. As of the third quarter, the City had received \$463,400 in reimbursements – 144% over budget. This overage is included in the proposed budget amendment.

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 slightly under budget at 70% or \$1.3 million through March 31, 2024.

FINES & FORFEITURES

This category includes late payment penalties, collection agency fees, code fines, vehicle impound fees, and administrative citations. Overall, fines and forfeitures are 69.8 percent for the quarter.

OTHER REVENUES

This category includes proceeds from auction, advertising, final map, and other miscellaneous revenue. At the end of the third quarter, \$90k or 46.5% of the budget 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 \$661,800 in revenue for the General Fund.

Table 2: GF Revenue Projection

Revenue Source	Current Budget	Proposed Adj.	Revised Projection
Property Tax	32,710,100	369,500	33,079,600
Sales Tax	23,750,000		23,750,000
Other Taxes	9,758,500		9,758,500
Charges for Services	7,957,308	70,000	8,027,308
Licenses & Permits	3,091,800		3,091,800
Revenue from Other Agencies	3,073,600	65,600	3,139,200
Use of Money & Property	1,863,500		1,863,500
Interdepartmental Charges	1,196,200		1,196,200
Fines & Forfeitures	1,090,720	14,400	1,105,120
Cost Recovery	321,100	142,300	463,400
Other Revenues	194,030		194,030
Transfers In	159,762		159,762
Grand Total	85,166,620	661,800	85,828,420

GENERAL FUND EXPENDITURES

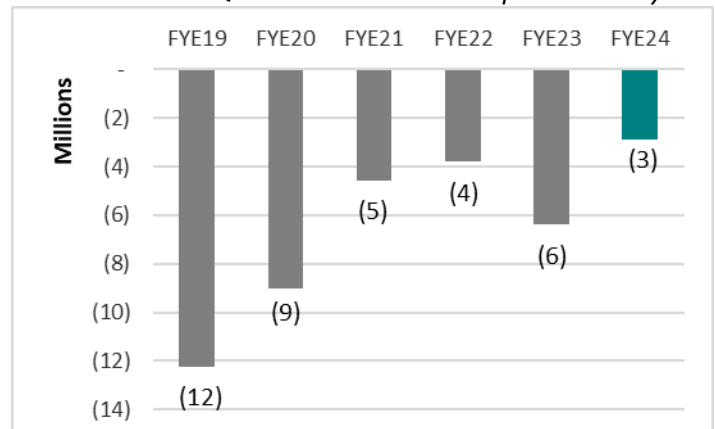
As of March 31, 2024, with 75% of the year complete, 60.4% of the General Fund budget was expensed (see Table 3). All departments are trending under budget (under 75%).

Table 3: GF Expenditures – Budget vs. YTD Actual

Department	Current Budget	YTD Actual	%
Administration	1,602,984	1,167,825	72.9%
City Clerk	376,097	215,226	57.2%
Community Development	3,414,715	2,008,169	58.8%
Finance	3,692,806	2,430,266	65.8%
Fire	21,439,128	15,748,110	73.5%
Human Resources	813,337	420,015	51.6%
Police	31,038,922	22,996,049	74.1%
Public Services	5,474,971	3,870,414	70.7%
Transfers Out	19,801,375	4,085,295	20.6%
Grand Total	87,654,335	52,941,369	60.4%

Overall, total General Fund Revenue (\$50M) less expenditures (\$52.9M) for the year is negative \$2.9M 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 lease revenue bonds, current year revenue less expenditures are up from prior years.

Chart 2: GF 3rd Quarter Revenue Less Expenditures by FY



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 slightly over budget and Fire is trending under budget.

Table 4: GF Overtime YTD

Department	Current Budget	YTD GF Overtime	%
Administration	1,000	1,064	106.4%
Community Development	9,000	8,624	95.8%
Finance	2,400	805	33.5%
Fire	3,711,900	2,158,796	58.2%
Human Resources	200	86	43.1%
Police	3,268,000	2,547,364	77.9%
Public Services	138,400	124,992	90.3%
Transfers Out	4,602,000	0	0.0%
Grand Total	11,732,900	4,841,731	41.3%

PROPOSED BUDGET AMENDMENT

The original General Fund budget for FY 2023-24 had a net change in fund balance of \$176,081. The first quarter budget amendment had a positive net change of \$33,796. The second quarter amendment included the use of unassigned fund balance (\$2,815,500) and had an overall net change of negative \$2,775,472. The third quarter amendment proposes adding \$661,800 in revenue and \$581,240 in expenditures for net change of positive \$80,560. Table 5 summarizes the proposed amendment.

The proposed General Fund budget amendment includes the following:

Revenue Increases (\$661,800): Property Tax (\$369,500), Charges for Services (\$70,000), Revenue from Other Agencies (\$65,600), Fines & Forfeitures (\$14,400), and Cost Recovery (\$142,300).

Engineering Services (\$267,400): professional services are trending over budget due to an increase in development plan reviews.

Vehicle Maintenance (\$150k): vehicle maintenance expenses are over in Police (\$100k) and Public Services (\$50k) due to necessary repairs and maintenance to the City’s fleet. The net impact is \$150k.

Mutual Aid Overtime (\$113.8k): expenditures are proposed to be increased in relation to the revenue.

Police Contract Services (\$50k): the police department is implementing a new software for citations (\$28,400) and has services for fines and forfeitures collections is running over budget (\$21,600).

Table 5: Summary of Proposed GF Budget Amendment

Department	Current Budget	Requested BA	Amended Budget
Administration	1,602,984	0	1,602,984
City Clerk	376,097	0	376,097
Community Development	3,414,715	267,400	3,682,115
Finance	3,692,806	0	3,692,806
Fire	21,439,128	113,840	21,552,968
Human Resources	813,337	0	813,337
Police	31,038,922	150,000	31,188,922
Public Services	5,474,971	50,000	5,524,971
Transfers Out	19,801,375	0	19,801,375
Grand Total	87,654,335	581,240	88,235,575

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 under budget.

Table 6: Police Enterprise Budget vs. YTD Actuals

Type	Current Budget	YTD Actual	%
Revenue	647,280	4,623	0.7%
Expenditures	685,998	406,992	59.3%
Revenue Less Expenditures	(38,718)	(402,369)	

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 budget on revenue and over in expenditures by 78.5 percent.

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	42,355	18.9%
Use of Money & Property	114,900	86,923	75.7%
Other Revenues	800	1,800	225.0%
Revenue Total	957,463	131,078	13.7%
Expenditures			
Salaries & Benefits	511,263	425,111	77.0%
Materials & Services	410,500	316,234	83.1%
Capital	35,700	10,700	30.0%
Expenditures Total	957,463	752,044	78.5%
Revenue less Expenditures	0	(620,967)	

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	2,808,570	64.9%
Expenditures	6,422,881	2,906,376	41.6%
Capital Project Funds			
Revenue	2,041,990	1,000,631	49.0%
Expenditures	10,509,601	535,601	7.8%
CDBG			
Revenue	291,511	173,701	59.6%
Expenditures	1,184,726	179,640	15.0%
Debt Service			
Revenue	16,046,292	4,690,991	29.2%
Expenditures	15,453,591	12,464,946	80.7%
Gas Tax			
Revenue	3,107,904	2,011,959	64.7%
Expenditures	4,311,230	2,351,759	47.5%
Grant Funds			
Revenue	1,065,908	337,663	31.7%
Expenditures	22,321,307	1,636,772	20.8%
Housing Authority			
Revenue	72,000	128,515	178.5%
Expenditures	981,796	893,461	86.6%
Internal Service Funds			
Revenue	9,083,329	5,367,800	59.1%
Expenditures	9,713,845	10,180,459	106.6%
Metro Funds			
Revenue	10,362,264	7,090,401	68.4%
Expenditures	13,299,254	3,083,944	15.1%
Other SR Funds			
Revenue	4,250,082	5,273,795	124.1%
Expenditures	8,297,973	3,488,476	34.4%
SB1			
Revenue	3,309,511	2,321,244	70.1%
Expenditures	6,515,933	227,161	12.1%
Sewer Maintenance			
Revenue	4,352,200	2,580,464	59.3%
Expenditures	6,572,517	1,920,157	16.1%
Successor Agency			
Revenue	2,847,944	2,091,348	73.4%
Expenditures	3,504,492	1,871,200	53.2%

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

Department. Additional financial information is available online at www.westcovina.org.

Maintenance Districts (\$116,500): the Citywide Maintenance District Fund is overbudget (\$66,500) due to professional services for engineering and the Sewer Maintenance Fund is overbudget (\$50,000) due to emergency underpass cleanouts necessary from flooding during rainstorms.

Vehicle Maintenance Charges (\$350,000): vehicle chargebacks and sublet repairs are both proposed to be increased by \$350,000 for vehicle repairs and maintenance.

Self-Insurance General/Auto Liability and Workers' Comp (\$3,000,000): claims paid are estimated to be over budget in both the General Liability (\$2.5 million) and Workers' Compensation (\$500k) funds. Some of these expenditures will be reimbursed by the City's excess carrier, therefore, no transfers in are proposed until the City's final liabilities can be determined.

Table 9: Summary of Proposed Amendment to Other Funds

Other Funds	Current Budget	Requested BA	Amended Budget
Citywide Maintenance District (188)			
Expenditures	15,000	66,500	81,500
Fleet Management (365)			
Revenue	377,200	350,000	727,200
Expenditures	172,000	350,000	522,000
Self-Insurance General/Auto Liability (361)			
Expenditures	3,486,800	2,500,000	5,986,800
Self-Insurance Workers' Comp (363)			
Expenditures	3,054,954	500,000	3,554,954
Sewer Maintenance (189)			
Expenditures	66,231	50,000	116,231

FOR MORE INFORMATION

This summary report is derived from detailed financial information generated by the City's Finance