



FIRST QUARTER FINANCIAL REPORT

Fiscal Year 2024-25

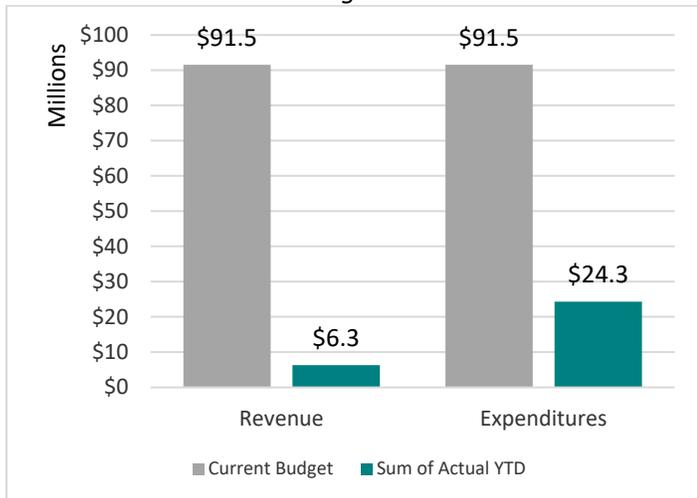
The City has completed the first quarter of Fiscal Year (FY) 2024-2025. This report summarizes the overall financial performance of the City for the period of July 1, 2024, through September 30, 2024, but it is not meant to be inclusive of all finance and accounting transactions. While the focus of the 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 any appropriations made as of September 30, 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 2024-25 was \$91.3 million in revenue, \$91.3 million in expenditures and net transfers, for a total net change of fund balance of \$1,335. With only 25% of the year complete, General Fund revenues are 6.9% of budget, and expenditures are 26.6%. Total revenues are \$6.3 million, and expenditures are \$24.3 million leaving a total revenue less expenditures negative 18 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 below summarizes revenue to-date.

Table 1: GF Revenue – Budget vs. YTD Actual

Revenue Source	Current Budget	YTD Actual	%
Property Tax	36,219,000	0	0.0%
Sales Tax	23,837,000	2,085,569	8.7%
Other Taxes	10,740,400	296,128	2.8%
Charges For Services	8,788,500	2,234,078	25.4%
Licenses & Permits	3,874,200	706,698	18.2%
Revenue from Other Agencies	3,534,650	1,504	0.0%
Use of Money & Property	1,900,000	419,260	22.1%
Interdepartmental Charges	1,196,200	299,053	25.0%
Fines & Forfeitures	1,136,000	165,989	14.6%
Transfers In/Out	145,687	0	0.0%
Other Revenues	143,500	109,444	76.3%
Grand Total	\$91,515,137	\$6,317,723	6.9%

PROPERTY TAX

The first major property tax distribution to the City for the fiscal year is received in December which is included on next quarter report. Included in this line 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 September 30, 2024, the allocation received represents approximately 8.7% 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 2025.

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 \$296k or 2.8% of the original budget projection was collected. 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 25% or \$2.2 million through September 2024. Ambulance services accounts for the majority of this overage which 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 slightly under projected at 18% of the original budget projection or \$706k.

REVENUES FROM OTHER AGENCIES

This category includes Vehicle In-Lieu, State Mandated Cost reimbursement revenue, the exchange of Prop A funds, and mutual aid cost reimbursement for strike team deployments for the Fire Department. Most of this revenue is received once within the fiscal year. The Prop A Exchange (which accounts for \$2.3 million) typically does not occur until the end of the fiscal year.

To date the Fire Department has spent over \$865k in mutual aid overtime, this plus an administrative fee will be reimbursed and the 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 under projections at 22% or \$419k through September 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 only 14% for the quarter which is typical for this time of year.

OTHER REVENUES

This category includes proceeds from auction, advertising, final map, and other miscellaneous revenue. At the end of the first quarter, \$109k or 76% of the original budget projection has been realized. The majority of this is from a one-time reimbursement.

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 (see Table 2) are revised with the Quarterly Report based on actuals to date. The total proposed adjustment is an increase of \$788,000 in revenue for the General Fund.

Table 2: GF Revenue Projection

Revenue Source	Current Budget	Proposed Adj.	Revised Projection
Property Tax	36,219,000		36,219,000
Sales Tax	23,837,000		23,837,000
Other Taxes	10,740,400		10,740,400
Charges For Services	8,788,500	150,000	8,938,500
Licenses & Permits	3,874,200		3,874,200
Revenue from Other Agencies	3,534,650	638,000	4,172,650
Use of Money & Property	1,900,000		1,900,000
Interdepartmental Charges	1,196,200		1,196,200
Fines & Forfeitures	1,136,000		1,136,000
Transfers Out	145,687		145,687
Other Revenues	143,500		143,500
Grand Total	91,515,137	788,000	92,303,137

GENERAL FUND EXPENDITURES

As of September 30, 2024, with 25% of the year complete, 26.6% of the General Fund budget was expensed (see Table 3). With the exception of Community Services, all departments are trending under budget (under 25%). Community Services is slightly trending over due to Special Events expenses which are not evenly distributed throughout the year.

Table 3: GF Expenditures – Budget vs. YTD Actual

Department	Current Budget	YTD Actual	%
Administration	1,785,995	308,608	17.3%
City Clerk	710,614	94,660	13.3%
Code Enforcement	1,917,105	211,275	11.0%
Community Development	2,755,269	244,752	8.9%
Community Services	2,389,730	616,030	25.8%
Finance	4,566,343	1,012,383	22.2%
Fire	23,953,222	5,939,168	24.8%
Police	33,287,303	7,454,459	22.4%
Public Works	4,884,635	791,526	16.2%
Transfers	15,263,586	7,650,559	50.1%
Grand Total	91,513,802	24,323,420	26.6%

GENERAL FUND OVERTIME

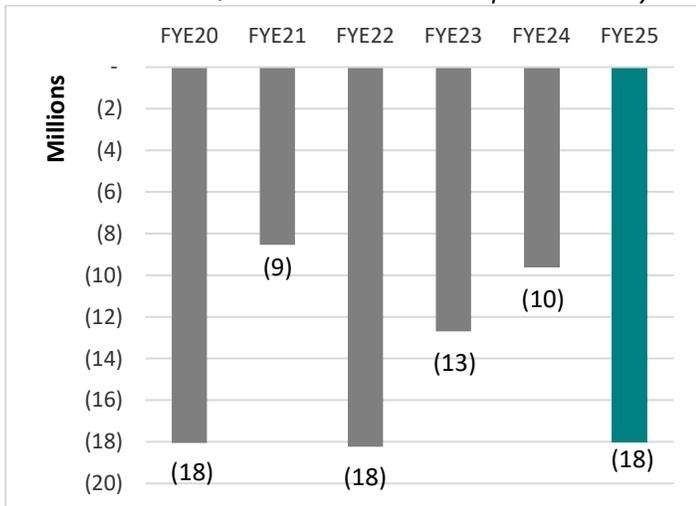
Overall, overtime in the General Fund is trending below budget. Table 4 summarizes overtime by department within the General Fund. Overtime is over budget in Administration due to Special Events.

Table 4: GF Overtime YTD

Department	Current Budget	YTD GF Overtime	%
Administration	1,440	1,512	105.0%
City Clerk	0	0	0.0%
Community Development	1,850	121	6.5%
Finance	1,230	13	1.1%
Fire	2,964,750	681,886	23.0%
Police	3,507,150	803,330	22.9%
Code Enforcement	10,090	905	9.0%
Public Works	11,860	2,417	20.4%
Community Services	143,580	21,342	14.9%
Grand Total	6,641,950	1,511,527	22.8%

Overall, total General Fund Revenue (\$6.3M) less expenditures (\$24.3M) for the year is negative \$18 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.

Chart 2: GF 1st Quarter Revenue Less Expenditures by FY



PROPOSED BUDGET AMENDMENT

The original adopted General Fund budget for FY 2024-25 was \$76,159,361 for expenditures and \$15,117,899 in net transfers for a Net Change in Fund Balance of \$1,335. The first quarter budget amendment proposes adding \$776,200 in expenditures. With \$788,000 in revenue proposed, there is a positive net impact on the general fund of \$11,800. Table 5 outlines the proposed amendment.

Table 5: Summary of Proposed GF Budget Amendment

Department	Current Budget	Requested BA	Amended Budget
Administration	1,785,995	88,200	1,874,195
City Clerk	710,614		710,614
Community Development	2,755,269		2,755,269
Finance	4,566,343	23,000	4,589,343
Fire	23,953,222	580,000	24,533,222
Police	33,287,303	85,000	33,372,303
Code Enforcement	1,917,105		1,917,105
Public Works	4,884,635		4,884,635
Community Services	2,389,730		2,389,730
Transfers	15,263,586		15,263,586
Grand Total	91,513,802	776,200	92,290,002

The proposed General Fund budget amendment totals \$776,200 and includes the following:

- Administration (\$88,200):** The budget is proposed to be increased to fund the PARS Executive Plan for former City Managers.
- Finance (\$23,000):** The budget is proposed to be increased to reflect actuals for leave lump sums for retiring employees.
- Fire (\$580k):** Mutual Aid overtime expenditures are proposed to be increased based on actuals. Revenue has also been proposed to be increased.
- Police (\$85k):** The budget is proposed to be increased to reflect actuals for a settlement payment.

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 (see Table 6).

Table 6: Police Enterprise Budget vs. YTD Actuals

Type	Current Budget	YTD Actual	%
Revenue	743,600	0	0.0%
Expenditures	688,804	309,486	44.9%
Revenue Less Expenditures	54,796	(309,486)	

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			
Charges For Services	57,000	29,869	52.4%
Other Revenues	2,400	1,567	65.3%
Use of Money & Property	99,600	35,449	35.6%
Transfers In/Out	753,068	0	0.0%
Revenue Total	912,068	66,886	7.3%
Expenditures			
Salaries & Benefits	574,668	143,749	25.0%
Materials & Services	337,400	69,653	20.6%
Expenditures Total	912,068	213,402	23.4%
Revenue less Expenditures	0	(146,517)	

OTHER FUNDS

Table 8 shows a summary of budget versus actuals for other funds:

Table 8: Other Funds Budget vs. YTD Actuals

Fund Grouping	Current Budget	YTD Actual	%
Assessment Districts			
Revenue	4,500,410	2,261	0.1%
Expenditures	5,558,504	1,874,698	10.4%
Capital Project Funds			
Revenue	755,100	24,818	3.3%
Expenditures	1,304,000	228,752	11.6%
CDBG			
Revenue	1,039,671	9,804	0.9%
Expenditures	1,039,671	113,639	7.0%
Debt Service			
Revenue	15,872,613	7,701,992	48.5%
Expenditures	15,872,613	7,957,407	50.1%
Gas Tax			
Revenue	3,003,227	564,021	18.8%
Expenditures	3,384,327	1,103,729	19.3%
Grant Funds			
Revenue	1,302,169	51,451	4.0%
Expenditures	1,446,342	199,083	17.7%
Housing Authority			
Revenue	174,000	319	0.2%
Expenditures	884,456	390,967	20.5%
Internal Service Funds			
Revenue	9,059,141	2,060,972	22.8%
Expenditures	9,211,241	4,855,936	48.9%
Metro Funds			
Revenue	10,507,032	2,279,914	21.7%
Expenditures	13,207,651	3,503,031	2.9%
Other SR Funds			
Revenue	4,748,130	1,447,625	30.5%
Expenditures	11,404,714	1,159,497	7.0%
SB1			
Revenue	3,491,301	141,800	4.1%
Expenditures	6,959,400	0	0.0%
Sewer Maintenance			
Revenue	4,533,100	0	0.0%
Expenditures	4,378,338	355,094	6.6%
Successor Agency			
Revenue	2,866,944	14,023	0.5%
Expenditures	3,357,151	1,405,452	41.1%

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

1. **Fund 190, Auto Plaza Improvement District (\$52,591):** Adjustments to reflect the annual principal payment to the City for the sign loan and budget approved by the District.
2. **Fund 235, Measure M (\$235k):** Salaries and benefits for part-time code enforcement officers to enforce street sweeping.
3. **Fund 235, Measure M and Fund 237, SB1 - Road Maintenance Rehab: (\$432,400):** Correct the prior budget amendment to appropriate the total project estimate and add the additional ten percent contingency authorized by the Council.
4. **Fund 189, Sewer Maintenance (\$421,844):** Adjustments to reflect the project budgets as proposed with the sewer service charge.

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.

Table 9: Summary of Proposed Budget Amendment to Other Funds

Other Funds	Current Budget	Requested BA	Amended Budget
Auto Plaza Improvement District (190)			
Revenue	105,390	12,578	117,968
Expenditures	64,120	52,591	116,711
Measure M (235)			
Expenditures	3,245,000	2,074,800	5,319,800
SB1 - Road Maintenance Rehab (237)			
Expenditures	6,459,400	-1,407,400	5,052,000
Sewer Maintenance (189)			
Expenditures	2,078,400	421,844	2,500,244