



Legislation Text

File #: 24-104, **Version:** 1

Fiscal Year 2023-2024 Mid-Year Financial Report as of December 31, 2023

CITY COUNCIL PRIORITY

- Fiscal Sustainability and Transparency

SUMMARY

The 2023-2024 Mid-Year Financial Report is for information only.

RECOMMENDATION

Staff recommends that the City Council Finance Committee review the 2023-2024 Mid-Year Financial Report as of December 31, 2023.

BACKGROUND

The City Council approved the 2023-2024 and 2024-2025 General, Enterprise, Internal Service, and Parking Fund budgets on May 15, 2023. The approved budgets feature the annual expenditure and resource allocation plan that guides the implementation of City Council budget policies and priorities. The budget provides funding direction for a broad range of services that meet the needs of the community in accordance with City Council policies.

This financial review provides the mid-year budget update to the City Council for the current fiscal year. Analysis of the revenues collected and all expenditures through December 31, 2023, measures operational adherence to the budget allocation plan.

Analysis

2023-24 Mid-Year Financial Report

The City budget for 2023-2024 was adopted in May 2023. The budget incorporates current estimates for revenue and expenditure appropriations for all funds as of December 31, 2023. The attached 2023-2024 Mid-Year Financial Report as of December 31, 2023, provides the revenue and expenditure summary for the General, Enterprise, Internal Service, and Parking Fund. The report provides detailed revenue and expenditure comparisons to the prior year while also focusing on variances from financial plans and budgeted allocations.

General Fund

The General Fund finances the operations of the City having no special or dedicated revenue sources and pays for basic municipal services. The 2023-2024 General Fund budget projects revenues totaling \$138,028,000 and expenditures totaling \$150,775,000, including purchase order encumbrances from 2022-2023 and approved carryover amounts.

Mid-year revenue in 2023-2024 totals \$57,984,000, 42% of the budget of \$138,028,000 compared

with 37% in 2022-2023. Mid-year expenditures total \$56,852,000, 38% of the anticipated total of \$150,775,000, compared with 33% in 2022-2023. Expenditures are expected to stay well within the 2023-2024 budget appropriations. Nevertheless, costs will continue to be closely monitored throughout the year.

A detailed review of revenue and expenditure variances is presented below.

General Fund Revenue

- **Property Tax-** (received 49% of anticipated budget compared to 48% in 2022-2023). The Property Tax appropriations increased by \$1,083,000 in the budget approved in May. Property Tax is the City's second largest revenue source and represents 21% of total General Fund revenue. Secured Tax, the VLF Swap, and Redevelopment Residual Property Tax revenues make up 96% of the City's annual Property Tax revenue. Actual Secured Tax revenue amounts to \$8,013,000 to date in 2023-2024, \$322,000 above the same period in 2022-2023. Actual VLF Swap revenue amounts to \$5,307,000, \$364,000 above the same period in 2022-2023. Alameda County will distribute the second payment of Secured Tax in April.
- **Sales/Transaction Taxes-** (received 37% of anticipated budget compared to 31% in 2022-2023). Sales/Transaction Tax appropriations remained level in the budget reflecting continued retail strength after the impacts of COVID-19. Actual revenues at mid-year are \$3,761,000 greater than last year at the same time. Avenu Insights, the City's sales tax advisor, projects the City may receive 1% less Sales/Transaction Tax revenue than the budget by year end. Sales and Transaction Taxes are the City's largest revenue sources and make up 40% of the General Fund revenue.
- **Real Property Transfer Tax-** (received 24% of anticipated budget compared to 43% in 2022-2023). This tax revenue is highly volatile, relying on changes of property ownership. Property Transfer tax revenue is budgeted at \$11,000,000, \$1,730,000 above the 2022-2023 budget. Revenue through December 31 is \$1,298,000 less than in 2022-2023. One less monthly payment has been received this year compared with mid-year in 2022-2023.
- **Charges for Services-** (received 72% of the anticipated budget compared to 57% in 2022-2023). Charges for Services revenue is budgeted in 2023-2024 at \$2,224,000, \$797,000 below the 2022-2023 budget. Revenues were \$1,595,000, \$130,000 less than in the same period last year. Higher revenues were recorded for Engineering Services (+\$58,000). Lower revenues were recorded for Recreation-Day Camps (-\$57,000) and combined aquatic programs (-\$46,000) with the temporary closure of the Family Aquatic Center, while overall Recreation program revenue increased by \$120,000.
- **Interest & Property Income-** (received 64% of the anticipated budget compared to 33% in 2022-2023). The 2023-2024 Interest & Property Income revenue budget is at the 2022-2023 level. Actual revenue at mid-year is \$1,646,000, \$796,000 higher than last year. Interest Income revenue recorded in 2023-2024 is \$1,224,000, compared to \$417,000 in 2022-2023. Higher revenue results from both a larger investment portfolio and higher interest rates in 2023-2024.
- **Intergovernmental-** (received 77% of the anticipated budget compared to -6% in 2022-2023). Intergovernmental revenue recorded through December 31 amounts to \$642,000. The City received Homeless Housing, Assistance, and Prevention (HHAP) grant revenue (\$238,000) from the Alameda County Health Care Services Department related to operating expenses at local homeless shelters. Annual EMS Assessment revenue recorded in 2023-2024 amounted to \$397,000.
- **License & Permits-** (received 49% of anticipated budget compared to 61% in 2022-2023). Building

Permit revenues recorded through December 31 amount to \$1,869,000. Revenue in the same period last fiscal year was \$2,325,000. This decrease in building permit (Building, Mechanical, Electrical, and Plumbing permits) revenue reflects the total change in Licenses & Permit revenue.

- **Others/Transfers-** (received 838% of the anticipated budget compared to 83% in 2022-2023). Reimbursements revenue recorded at mid-year amounted to \$2,556,000. The California Department of Housing and Community Development reimbursed the City through the Homekey effort for acquisition of the Nimitz Hotel property.

As reported in the attached Mid-Year Financial Report, all other taxes and revenue receipts are relatively in line with budgeted revenues.

General Fund Expenditures

- **General Fund, Total Expenditures-** (38% of budget compared to 33% in 2022-2023). Mid-year expenditures were \$6,852,000, 38% of the budget of \$150,775,000. Expenditures by all departments remain less than one-half of their budget appropriation, although all higher than at mid-year in 2022-2023 (except Police). Over the past five years, an average of 40% of the annual budget appropriation has been expended by December 31.

Enterprise, Internal Service Funds, and Parking Fund

The City's business-type operations are made up of four Enterprise Funds. The Water Pollution Control Plant Fund, the Environmental Services Fund, the Shoreline Enterprise Fund, and the Storm Water Fund are City municipal operations designed to fully recover costs through user fees. Internal Service Funds also operate as business activities, exclusively supporting the City's internal operations. Facilities Maintenance, Information Technology, Insurance Services, and Equipment Maintenance comprise the Internal Service Funds.

The Parking Fund provides for parking meter and parking lot operations and maintenance at the Downtown Parking Structure.

Enterprise, Internal Services, and Special Revenue Funds mid-year revenue and expenditure variances to both budget and compared to 2022-2023 are within anticipated levels. Costs will continue to be closely monitored through the remainder of the year.

ATTACHMENTS

Attachment A: 2023-2024 Mid-Year Financial Report as of December 31, 2023

Attachment B: Mid-Year Financial Report Presentation

PREPARED BY

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