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Title: Fiscal Year 2023-2024 First Quarter Financial and Performance Measure Reports

Sponsors: T. Michael Yuen

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Attachments: 1. A - Quarterly Financial Report Q1 FY 2024, 2. B - Performance Measures 23-24 1st Qtr Report (3), 3. C - 2023-24 First Quarter Financial and Performance Measures Report Presentation

Date	Ver.	Action By	Action	Result
1/31/2024	1	Finance Committee		

Fiscal Year 2023-2024 First Quarter Financial and Performance Measure Reports

COUNCIL PRIORITY

- Fiscal Sustainability and Transparency

SUMMARY

Financial and Performance Measure Reports for the first quarter of Fiscal Year 2023-2024 is for information only.

RECOMMENDATIONS

Staff recommends that the City Council Finance Committee review the 2023-2024 Financial and Performance Measure Reports for the quarter ended September 30, 2023.

BACKGROUND

The City Council adopted the 2023-2024 and 2024-2025 General Fund, Enterprise, and Internal Service Funds and Parking Fund budgets on May 15, 2023. The approved biennial budget is the annual expenditure and resource allocation plan that guides and ensures implementation of City Council policies and priorities. The budget implements the vision and direction for the broad range of services meeting community needs in accordance with City Council policy.

This budget analysis as of September 30, 2023, provides the first quarter budget update to the City Council for the current fiscal year. Review of the revenues collected and all expenditures through September 30 measures operational adherence to the budgetary allocation plan.

As an element in the 2023-2024 budget, the City incorporated department performance measures as a new program evaluation and benchmarking effort. The First Quarter Financial and Performance Measures Update includes an outcome report on department performance measures through

September 30, 2023.

Analysis

FIRST QUARTER FINANCIAL REPORT

The adopted biennial budget incorporates estimated revenues and planned expenditures for all funds. The attached First Quarter Financial Report as of September 30, 2023, provides the revenue and expenditure summary for the General Fund, Enterprise, and Internal Service Funds and Parking Fund. The details provide comparisons to the prior year and focuses on variances from the revenue and expenditure plans and allocations in the budget.

General Fund

The General Fund finances City operations that have no special or dedicated revenue sources; it pays for basic municipal services. The amended 2023-2024 General Fund budget projects revenues totaling \$137,993,000 and expenditures totaling \$150,391,000, including purchase order carryover balances. The 2023-2024 General Fund revenue/expenditure gap amounts to \$12,398,000, representing a planned spend-down of General Fund reserves.

First quarter revenue in 2023-2024 totals \$12,780,000, 9% of the amended budget of \$137,993,000, compared with 9% in 2022-2023. Expenditures of \$23,191,000 for the first quarter amount to 15% of the anticipated total of \$150,391,000, compared with 16% in 2022-2023. Expenditures are expected to stay within 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

- **Sales/Transaction Taxes-** (11% of anticipated budget has been collected compared with 6% in 2022-2023). Sales/Transaction Tax revenue in 2023-2024 is budgeted at \$55,848,000, \$147,000 less than the 2022-2023 budget. First quarter revenues were \$6,269,000, nearly \$3,187,000 higher than the same period last year. The first quarter payments from the state included two monthly payments, while only one month was recorded in 2022-2023. Transaction & Use Tax payments are first received in October. Avenu Insights, the City's sales tax advisor, projects the City will receive 1% less sales tax revenue than the budget by June 30, 2024. Sales and Transaction Tax revenue is the City's largest revenue source and is 45% of total General Fund tax revenue.
- **Utility Users Tax-** (11% of anticipated budget has been collected compared with 13% in 2022-2023). Utility Users Tax revenue is budgeted in 2023-2024 at \$11,306,000, \$231,000 below the 2022-2023 budget. First quarter revenues were \$1,290,000, \$265,000 below the first quarter total in 2022-2023. UUT- Electricity & Gas revenue in 2023-2024 was \$444,000 less compared with the amount received in the first quarter of last year.
- **Property Transfer Tax-** (0% of anticipated budget has been collected compared with 26% in 2022-2023). Property Transfer Tax revenue is budgeted in 2023-2024 at \$11,000,000, \$1,730,000 above the 2022-2023 budget. No first quarter Property Transfer Tax revenue was recorded prior to September 30 (July, August, and September revenues were recorded in October- a total of four months Property Transfer Tax revenue was recorded by the end of the second quarter).
- **Emergency Communications Access (911) Fee-** (11% of anticipated budget has been

collected compared with 8% in 2022-2023). The 911 Fee revenue is budgeted in 2023-2024 at \$3,521,000, \$155,000 greater than the 2022-2023 budget. First quarter revenues in 2023-2024 were \$391,000, \$113,000 higher than in 2022-2023. One additional month's revenue was recorded in 2023-2024 compared with 2022-2023.

- **Charges for Services-** (48% of anticipated budget has been collected compared with 32% 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 \$1,067,000, \$102,000 higher than the same period last year. Higher revenues were recorded for Engineering Services (\$210,000). Lower revenues were recorded for Recreation-Day Camps (\$60,000), while overall Recreation program revenue remained unchanged year-to-year.
- **Intergovernmental-** (29% of anticipated budget has been collected compared with 0% in 2022-2023). Intergovernmental revenue recorded through September 30, 2023, amounts to \$240,000. The City received County Grant revenue (\$238,000) from the Homeless Housing, Assistance, and Prevention (HHAP) grant from the Alameda County Health Care Services Department related to operating expenses at local homeless shelters.

As reported in the attached First Quarter Financial Report, all other taxes and other revenue receipts are in line with the budget's appropriations. The mid-year report will more closely estimate the year-end revenue and expenditure results.

General Fund Expenditures

- **General Fund, Total Expenditures-** (15% of budget compared with 16% in 2022-2023). First quarter expenditures were \$23,191,000, 15% of the \$150,391,000 total budget. Year-over-year General Fund expenditures decreased by \$1,685,000 during the quarter. All departments' expenditures are below 25% of the budget appropriation. Over multiple recent years, an average of 19% of the annual expenditure appropriations has been expended by September 30.
- **Police-** (19% of budget compared with 23% in 2022-2023). First quarter expenditures were \$8,145,000, \$969,000 lower than 2022-2023, while the 2023-2024 budget increased by \$3,342,000.
- **Human Services-** (6% of budget compared with 2% in 2022-2023). Total first quarter expenditures were \$310,000. The significant unspent budget reflects appropriations for the Navigation Center and expanded mental health service response.
- **Library-** (16% of budget compared with 24% in 2022-2023). First quarter expenditures were \$1,299,000, \$470,000 less than in 2022-2023 while the 2023-2024 budget increased by \$658,000.

Enterprise, Internal Service Funds, and Parking Fund

Four Enterprise Funds make up the City's business-type operations. The Water Pollution Control Plant Fund, Environmental Services Fund, Shoreline Enterprise Fund, and 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 make up these Internal Service Funds. The Parking Fund provides for parking meter and parking lot operations and maintenance at the Downtown Parking Structure.

- **Water Pollution Control Plant, Revenue-** (6% of anticipated budget compared with 12% in 2022-2023). The first quarter revenues were \$1,158,000, 6% of the \$18,133,000 budget.

Revenues during the first quarter were \$936,000 less than in the first quarter of 2022-2023. Sewer Connection Fees revenue and Commercial Revenue Service revenue are lower in 2023-2024 compared with 2022-2023.

- **Information Technology, Expenditures-** (6% of anticipated budget compared with 16% in 2022-2023). First quarter expenditures were \$699,000, 6% of the \$12,531,000 budget. Expenditures were higher in 2022-2023 because of extraordinary one-time software maintenance and IT equipment expenditures.

PERFORMANCE MEASURES, 2023-2024 FIRST QUARTER REPORT

Attachment B, the Performance Measures, 2023-2024 First Quarter Report includes an outcome report on department performance measures through September 30, 2023. Performance measures can be used in evaluating programs and benchmarking efforts.

Performance measures provide information on department functions being performed, at what service level, and at what quantity. As part of the budget financial review, the performance measures assist in confirming the use of resources for achieving desired outcomes. The performance measures focus on identifying the core functions of City departments and related workload measures. These measures indicate the amount of work performed or services provided.

The Performance Measures report lays out the Performance Measures (by department), 2023-2024 Performance Target (in accordance with the adopted budget), Quarter Actual, and the Quarter Performance Detail.

ATTACHMENTS

- **Attachment A:** First Quarter Financial Report as of September 30, 2023
- **Attachment B:** Performance Measures, 2023-24 First Quarter Report
- **Attachment C:** 2023-24 First Quarter Financial and Performance Measures Report Presentation

PREPARED BY

T. Michael Yuen, Finance Director