



## CITY COUNCIL STAFF REPORT

**MEETING DATE:** November 25, 2024

**ITEM TITLE:** Accept the Fiscal Year 2024-25 First Quarter Financial Report for the Period Ending September 30, 2024.

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### RECOMMENDATION:

Staff recommends that the City Council accept the Quarterly Financial Report ("Report") for the third quarter of fiscal year (FY) 2024-25 ended September 30, 2024.

### FISCAL IMPLICATIONS:

There is no financial impact associated with accepting this report.

### BACKGROUND:

In May 2023, the City Council approved financial policies formalizing long standing practices. The policies were established to ensure that the City's finances are managed in a manner that will: (1) continue to provide for the delivery of quality services; (2) maintain and enhance service delivery as the community grows, in accordance with the General Plan; (3) guarantee a balanced budget annually assuring that the City is operating within its means; and (4) establish reserves necessary to meet known and unknown future obligations.

A key component of these policies includes the preparation of a quarterly financial report. This report provides an executive summary of the City's current financial status as it relates to the adopted operating budget.

Attached is the Report for the first quarter that reflects the City's overall General Fund financial position as of September 30, 2024. Included in the Report is an update on the General Fund balance, analysis of revenues earned to date, and expenses incurred for the first three months of the fiscal year.

### ANALYSIS:

#### **Revenues**

The Report for the first quarter is prepared on a cash basis; therefore, only revenue received by September 30 is reflected. Since revenue is received on many different schedules depending on type, it is useful to compare the year-to-date ("YTD") actual amounts to the prior year's actual amounts.

Overall, fiscal YTD revenues were approximately \$7.49 million, or \$0.57 million and 7% lower than last year, at the end of the first quarter and represented 13.1% of budget. As discussed in the attached Report, revenues from property tax, sales tax, charges for services, licenses &

permits, use of money & property, and other revenues were lower than the prior year. This is mostly due to the timing of receipt of tax revenue and permit revenue related to large-scale development projects. While the Federal Reserve again reduced the Fed Funds Rate recently, helping to temper the cost of financing, inflation levels continue to run higher than the 2% target which is resulting in households spending on essential items.

Vehicle License Fee (“VLF”) and other taxes were higher compared to quarter one of last year. As discussed in the attached Report, this was due to the City receiving the countywide VLF shortfall payment for FY 2022-23 in the current year. Interest rates remain a positive driver as well.

### **Expenditures**

Expenditures are recorded when paid, using the cash basis method of accounting. Overall, expenditures were \$16.19 million, or 26.1%, of the budget, and \$0.6 million higher compared to quarter one of the prior year. This was due to higher police and fire contract costs, higher CalPERS contributions related to the legacy Belmont-San Carlos Fire Department, and higher negotiated salaries and benefits costs. Additional details can be found in the attached Report.

### ALTERNATIVES:

The alternatives available to the City Council include:

1. Accept the Quarterly Financial Report for the first quarter of FY 2024-25 ended September 30, 2024; or
2. Do not accept the Quarterly Financial Report; or
3. Provide staff with alternative direction.

Respectfully submitted by:

Rebecca Mendenhall, Administrative Services Director

Approved for submission by:



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Jeff Maltbie, City Manager

### ATTACHMENT(S):

1. Q1 FY25 Financial Report