



Quarterly Financial Report

First Quarter of Fiscal Year 2024-25

The City has completed the first quarter of the fiscal year ("FY") 2024-25 ended September 30, 2024. This report summarizes the activities of the City's General Fund, which is the primary operating fund of the City and is used to account for most operating activities. This report is not meant to be inclusive of all finance and accounting transactions. It is intended only to provide the Council and the public with an overview of the state of the City's general fiscal condition.

GENERAL FUND FINANCIAL POSITION

The General Fund is comprised of budgeted operating revenues of \$57,243,090 and operating expenditures of \$62,010,040 for FY 2024-25. Expenditures in the General Fund account for direct services provided to the residents of San Carlos, including General Government services, Police services, Fire services, Parks and Recreation, Community Development and Public Works.

GENERAL FUND	FY 2023-2024			FY 2024-2025		
	Revised Budget	1st Qtr YTD Actual	% of budget	Revised Budget	1st Qtr YTD Actual	% of budget
<i>numbers in 000's</i>						
Revenues	\$ 55,339	\$ 8,058	14.6%	\$ 57,243	\$ 7,490	13.1%
Expenditures	62,073	15,615	25.1%	62,010	16,193	26.1%
Net Alloc & Transfers	(4,005)	(6,889)	172.0%	(579)	1,068	-184.5%
Net Change in Fund Balance	(10,739)	(14,446)	134.5%	(5,346)	(7,635)	142.8%
Balance, Start of Year	54,472	54,472	100%	58,985	58,985	100%
Balance Year-to-Date	\$ 43,733	\$ 40,027	91.5%	\$ 53,639	\$ 51,350	95.7%

TOP SEVEN GENERAL FUND REVENUES

The City's seven main revenue sources accounted for approximately 92.8% of the General Fund's year-to-date total operating revenue in FY 2024-25.

REV BY TYPE	FY 2023-2024			FY 2024-2025		
	Revised Budget	1st Qtr YTD Actual	% of budget	Revised Budget	1st Qtr YTD Actual	% of budget
<i>numbers in 000's</i>						
Property Tax	\$ 17,979	\$ 66	0.4%	\$ 19,464	\$ 37	0.2%
Sales Tax	13,064	2,105	16.1%	13,331	1,972	14.8%
Charges for Services	5,123	2,380	46.5%	5,168	2,078	40.2%
Vehicle In Lieu	3,911	609	15.6%	3,407	1,364	40.0%
Other Taxes	6,301	169	2.7%	6,589	179	2.7%
Licenses & Permits	2,590	1,683	65.0%	2,668	835	31.3%
Use of Money and Property	2,975	498	16.7%	3,235	487	15.1%
Other Revenues	3,396	548	16.1%	3,381	538	15.9%
Total Revenues	\$ 55,339	\$ 8,058	14.6%	\$ 57,243	\$ 7,490	13.1%

Overall, these key operating revenues largely performed as projected based on payment schedules, past trends, and the expectation of continuing economic growth. Any significant variations in the different revenue categories compared to the first quarter of the prior year and the budget are noted below:

- Property tax. Most of the City's property taxes are received in December and April. The property taxes received through the first quarter were \$29,000 lower compared to the first quarter of last

fiscal year due to timing of receipt of property taxes from San Mateo County. We expect that the property tax payments will be on target with budget this year.

- Sales Tax. Revenues for the quarter were \$133,000 lower than in the same period of the prior year. Although the Federal Reserve recently reduced the Fed Funds Rate, helping temper the cost of financing, personal consumption remains insipid as consumers continue to focus on essential household items over more expensive purchases.
- Charges for Services. Revenues were at 40.2% of the full year's budget and compared to the first quarter of the prior year, there was a decrease of \$302,000 mainly due to the timing of building plan check and inspection fee revenues which can vary from year to year due to the timing of large-scale development projects.
- Vehicle in-lieu (VLF). The revenue received in this fiscal year was \$755,000 more than the prior year mainly due to the receipt of the county-wide shortfall from fiscal year 2022-23.
- Other Taxes. These include Transient Occupancy Tax ("TOT") and Franchise fees. Total revenue was \$10,000 higher than in the first quarter of the prior year. The budgeted Other Tax revenues for the full year are \$288,000 more than the prior year.
- Licenses & Permits. Revenues were \$848,000 lower than at the same point in the prior year and have achieved 31.3% of this year's budget. Similar to Charges for Services, this revenue category can vary from year to year due to the timing of development projects.
- Use of Money and Property. This revenue stream was \$11,000 lower than in the first quarter of the prior year due to a change in the way the city's Wells Fargo checking account earns interest.
- Other Revenues. This revenue category includes business registration fees, vehicle code fines, various cost reimbursements, and grants. It was slightly lower (\$10,000) compared to the first quarter of the prior year.

GENERAL FUND EXPENDITURES

In June 2023, the City Council approved several program changes and additional staffing changes for FY 2024-25 that were necessary to implement the strategic plan objectives, support the continued high level of development activity, manage the infrastructure projects, and advance the increased communication needs. As a result, the total expenditures for the first quarter of the current fiscal year were 3.7% higher than last year. As shown in the table below, expenditures are generally on target for the first quarter of the fiscal year when compared to budget. Any significant variations are noted below.

EXP BY DEPT	FY 2023-2024			FY 2024-2025		
	Revised Budget	1st Qtr YTD Actual	% of budget	Revised Budget	1st Qtr YTD Actual	% of budget
<i>numbers in 000's</i>						
General Government	\$ 14,036	\$ 2,301	16.4%	\$ 11,103	\$ 2,351	21.2%
Community Development	8,709	1,658	19.0%	8,980	1,581	17.6%
Fire	12,245	4,304	35.1%	12,900	4,708	36.5%
Police	12,891	4,061	31.0%	13,638	4,419	32.4%
Parks & Recreation	5,064	1,357	26.8%	5,387	1,460	27.1%
Public Works	9,128	1,934	21.2%	10,002	1,674	16.7%
Total Expenses	\$ 62,073	\$ 15,615	25.2%	\$ 62,010	\$ 16,193	26.1%

- General Government. Expenditures were \$50,000 higher than the first quarter of the prior year primarily due to higher equipment maintenance costs related to software cloud migration, increased legal support for Public Record Requests and higher recruitment consultant costs.
- Community Development. Expenditures were \$77,000 less than the prior year due to the timing of professional services costs.
- Fire. Expenditures were \$404,000 greater than in the first quarter of the last fiscal year. This was primarily due to increases in costs for contracted fire services from the City of Redwood City (\$134,000 for the quarter) and an increase in the annual pension payment related to the former Belmont-San Carlos Fire Department (\$238,000).
- Police. Expenditures were greater than the same period last year by \$358,000 due to the cost increases in the agreed law enforcement services contract with the San Mateo County Sheriff's Office and an increase in the annual pension payment to CalPERS.
- Parks and Recreation. Expenditures were \$103,000 higher compared to last year mainly due to increases in staff salaries and benefits costs, increased program field trip ticket costs and higher special event insurance premiums.

- Public Works. Expenditures were \$260,000 lower than the prior year primarily due to the timing of professional service costs in Engineering, Street Maintenance, Park Maintenance and City Hall Maintenance.

EXP BY TYPE	FY 2023-2024			FY 2024-2025		
<i>numbers in 000's</i>	Revised Budget	1st Qtr YTD Actual	% of budget	Revised Budget	1st Qtr YTD Actual	% of budget
Salaries/Benefits	\$ 26,682	\$ 7,916	29.7%	\$ 24,942	\$ 8,720	35.0%
Professional Services	30,656	6,809	22.0%	32,065	6,580	20.5%
Other Operating	4,552	870	19.1%	4,814	874	18.2%
Capital Outlay	183	20	10.9%	189	19	10.1%
Total Expenses	\$ 62,073	\$ 15,615	25.2%	\$ 62,010	\$ 16,193	26.1%
Total City-wide FTEs	101	95	94.1%	103	98	95.1%

- Salaries and benefits. Expenditures were \$804,000 greater than in the first quarter of last year due to increases in negotiated salary and benefit costs.
- Professional Services. Expenditures were lower by \$229,000 compared to the prior year due to the timing of invoices received.
- Other Operating. Expenditures were \$4,000 higher in the first quarter when compared to the same period in the prior year, mainly due to miscellaneous expenditures such as training, conferences, office supplies and utilities.
- Capital Outlay costs were \$1,000 less than quarter one in the last fiscal year due to reduced equipment and fuel purchases.

FOR MORE INFORMATION

This summary is based on detailed information produced by the City's Finance Division. If you would like additional information or have any questions about this report, please call (650) 802-4213.