

City of Piedmont
COUNCIL AGENDA REPORT

DATE: September 16, 2024

TO: Mayor and Council

FROM: Rosanna Bayon Moore, City Administrator

SUBJECT: Review of FY 2023-24 Unaudited Financial Results

RECOMMENDATION

No action required. This report is provided for information only.

FINANCIAL REPORT

In FY 2023-24, favorable revenue trends, coupled with lower than budgeted expenses and capital transfers, resulted in General Fund Net Revenue approximately \$3.4 million higher than budgeted.

GENERAL FUND (in thousands)	FY 2023-24 (Unaudited)		
	Actual	Budget	Variance
Beginning Balance	\$ 7,423	\$ 9,111	\$ (1,688)
Revenues	37,722	35,849	1,873
Operating Transfers In	1,009	1,056	(47)
Total Revenue	38,731	36,905	1,826
Expenditures:			
Operating	31,941	32,850	909
Non-Department	4,039	3,947	(92)
Operating Transfers Out	-	150	150
Total Expenditures and Transfers Out	35,980	36,948	968
Operating Net Revenue	2,750	(43)	2,794
Capital Transfers Out	1,649	2,295	646
Net Revenue	1,101	(2,338)	3,439
Ending Balance	\$ 8,524	\$ 6,773	\$ 1,752
Available for Transfer	-	-	-
Ending Balance - Adjusted	\$ 8,524	\$ 6,773	\$ 1,752
% of Operating Exp	23.7%	18.4%	

The following major categories accounted for the increase in revenue as compared to the FY 2023-24 budget:

GENERAL FUND Revenues (in thousands)	FY 2023-24 (Unaudited)		
	Actual	Budget	Variance
Transfer Tax	\$ 4,086	\$ 3,400	\$ 686
Recreation	3,954	3,498	456
Investment Income	589	160	429
Property Tax	18,449	18,110	339
Miscellaneous	237	88	149
Sales Tax	196	250	(54)
Animal Control	-	120	(120)
All Others	10,211	10,223	(12)
Sub-Total	37,722	35,849	1,873
ARPA funds	314	2,079	(1,765)
Total Revenue	\$ 38,036	\$ 37,928	\$ 108

Revenue, excluding the recognition of ARPA revenue, exceeded annual budget by \$1,873,000. ARPA funds have been received but can not be included in revenue until spent. All remaining funds will be used for the Police Dispatch Renovation Project. Only \$314,000 of the \$2.1 million budgeted were spent in FY23-24. The remaining funds will be expended in FY 2024-25.

Major variances include:

- Transfer tax receipts totaled \$4.1 million,
 - \$686,000 HIGHER than budget, but \$378,000 LESS than last year.
 - Home sales were 4% HIGHER than last year (115 vs. 111).
 - The Average Sales Price decreased 11% to \$2.8 million-the first decline since FY 2010-11.
 - Median Sales Price decreased 4% to \$2.5 million.
- Recreation revenue up \$456,000, primarily due to strong recreation classes and camp receipts.
- Investment income exceeded budget by \$429,000 as interest rates remained high throughout FY 23-24.
- Property taxes exceeded annual budget by \$339,000 million, driven by strong unsecured property tax receipts and supplemental assessments which comprised \$271,000 million of the increase.

- Miscellaneous income was up \$149,000, primarily due to receipt of insurance claim proceeds related to losses incurred in FY 23-24.

These revenue gains were offset by:

- The discontinuation of animal control services provided to the City of Emeryville (\$120,000).
- Lower than expected sales tax, primarily due to the closing of the Shell Station on Grand Avenue.

General Fund Departmental expenses were \$909,000 less than budget, while Non-Departmental expenses exceeded budget by \$92,000.

GENERAL FUND Expenditures (in thousands)	FY 2023-24 (Unaudited)		
	Actual	Budget	Variance
Recreation	\$ 3,902	\$ 3,584	\$ 319
Administration	3,921	3,904	17
Public Works	4,607	4,591	16
Fire	8,279	8,398	(119)
Communications	379	522	(142)
Police	7,961	8,189	(228)
Planning & Building	2,892	3,664	(772)
Sub-Total	31,941	32,850	(909)
Non-Departmental	4,039	3,947	92
Total Expenditures	\$ 35,980	\$ 36,798	\$ (818)

Although Recreation Department expenditures were higher than budgeted by \$319,000, it was completely offset by increased recreation revenue, resulting in net revenue of approximately \$163,000 for all Recreation Department activities.

Non-Departmental expenses surpassed budget by \$92,000 primarily due to:

- Workers Compensation claims were higher than expected due to injuries in the Police and Fire Departments. (\$144,000).
- Unfavorable change in the actuarial calculation for future insurance claim reserves, Workers Compensation and General Liability, \$86,000 and \$35,000, respectively.
- Offset by lower General liability claim payments (\$80,000) and lower retiree medical premiums paid (\$76,000).

The Administration Department exceeded budget by \$17,000. The major variances were:

- Legal Fees were higher than budget (\$139,000).
- IT services were higher than budget, primarily due to delays in implementing the

Community Development (Track-it) software. (\$55,000)

- Offset by lower personnel related and other professional service fees.

Public Works Department exceeded budget by \$16,000. The major variances were:

- Increased City Engineer Service fees (\$130,000).
- Offset by lower salary and benefit costs and other consulting fees.

Fire Department expenses were less than budget by \$119,000 primarily due to:

- Lower Emergency Preparedness expenses as the project was delayed due to contract issues and has been pushed into FY 24-25.
- Other Medical Contract Expenses were lower due to timing and need for medical training.

Communications Department expenses were less than budget by \$142,000, primarily due to lower salary and benefit costs.

Police Department expenses were less than budget by \$228,000, primarily due to lower salary and benefit costs due to open positions, and less than anticipated use of part-time personnel.

Planning and Building Department expenses were less than budget by \$772,000, primarily due to:

- Supplemental Planning Services, which include code revisions, general plan amendments, and objective design standards, activities being pushed into FY 24-25 (\$525,000).
- Records management project delayed until FY 24-25 and responsibility moved to the Administration Department (\$130,000).
- Lower than anticipated Housing Element costs (\$110,000).

The unassigned balance of the General Fund on June 30, 2024 is estimated to be \$8.5 million, which is 23.7% of expenditures. This is approximately \$82,000 higher than the projection that was included in the FY 24-25 Approved Budget. This is well above our General Fund Reserve Target of 18% due to several one time and cyclical costs included in the FY 24-25 Approved Budget.

Since we attained the ending General Fund Reserve Balance needed per the Approved Budget, no capital transfers are recommended at this time.

By: Michael Szczech, Finance Director