



MEMORANDUM

TO: City Council

FROM: Nicole Valentine, Director of Administrative Services

SUBJECT: Fiscal Year 2023-24 Year-End Financial Status Report

DATE: October 8, 2024

RECOMMENDATION:

Receive and file the Fiscal Year 2023-24 Year-End Financial Status Report.

IMPACT ON FINANCIAL AND PERSONNEL RESOURCES:

Preparation of the Fiscal Year (FY) 2023-24 Year-End Financial Status Report (the “Year-End Report”) requires staff time within the existing work plan and budget for the Administrative Services Department. At year-end, FY 2023-24 revenues for the Consolidated General Fund were \$25.7 million, or three percent (3%), higher than the Adjusted Budget. Actual Expenditures were \$29.2 million, and below the Adjusted Budget by approximately \$3.4 million, or ten percent (10%).

BACKGROUND:

Each fiscal year the City Council adopts a budget, which commits government resources and services to accomplish the City’s mission of making Arroyo Grande the best place possible for everyone who lives, works, and visits here. The Year-End Report is the fourth and final financial performance report that staff will present to the City Council during the 2023-24 fiscal year. The purpose of the FY 2023-24 Year-End Report is to:

- Compare year-end revenues received and expenditures incurred to the end of the prior year and to Adjusted Budget to determine the City’s financial performance;
- Provide explanations for key account variances and identify any potential trends that might impact financial planning; and
- Provide other key year-end information including headcount statistics, status of Capital Improvement Projects, and completed Budget Adjustment Requests.

ANALYSIS OF ISSUES:

Year-End Revenue and Expenditures Compared to Prior Year

Table 1. Current Year-End Actuals Compared to Prior Year-End Actuals

	Year-End FY 2023-24	Year-End FY 2022-23	Variance
Revenue	25,734,266	25,499,631	234,635
Expenditures	29,196,236	23,065,400	6,130,836

The Consolidated General Fund shown in Table 1 is the primary operating fund of the City and accounts for resources and services traditionally associated with government. The Consolidated General Fund provides administrative, financial, police protection, community development, public works, fire, and recreation services to the community and other funds. The Consolidated General Fund accounts for revenues that have unrestricted uses and are not required legally or by contractual agreement to be accounted for in another fund. The City has historically reported on the Consolidated General Fund separately from the Measure O 2006 Sales Tax Fund, although the City’s auditors traditionally combine this information in the Annual Comprehensive Financial Report.

The Measure O 2006 Sales Tax Fund accounts for the revenues derived from Measure O 2006, a local 1/2% sales tax approved by the City's voters in November 2006. Measure O 2006 included advisory measures when passed, providing direction on the uses to which the funding should be allocated. To ensure accountability, the measure included a provision requiring the City to publish and distribute an annual report to each household on the revenues and expenditures from the sales tax proceeds. To aid in the collection and reporting of this information, the City has accounted for this fund in a separate account.

This report presents information for the Consolidated General Fund that includes Measure O 2006 Tax Fund revenues and expenditures. Consolidated General Fund revenues at the end of FY 2023-24 were approximately \$234,636 higher than at the end of FY 2022-23. Expenditures were approximately \$6.1 million higher through the end of this year compared to the prior year. A more thorough explanation of year-end variances is set forth in the attached financial report (Attachment 1). The following is a summary of the year-end variances between the two fiscal years.

Year-End Revenue and Expenditures Compared to Adjusted Budget

Table 2. Year-End Actuals Compared to Adjusted Budget

	FY 2023-24 Adjusted Budget	FY 2023-24 Year-End Actuals	Variance
Revenue	24,894,617	25,734,266	839,649
Expenditures	32,554,477	29,196,236	(3,358,241)

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Table 2 above compares year-end actual results to the Adjusted Budget. FY 2023-24 Year-End actual revenue was above the Adjusted Budget by \$839,650. Year-End actual expenditures were lower than the Adjusted Budget by approximately \$3.4 million. The following is a summary of the year-end revenue and expenditure variances compared to the Adjusted Budget. A more thorough explanation of year-end variances is set forth in the attached financial report.

Revenue (\$839,650 higher)

General Fund revenue for FY 2023-24 is more than the Adjusted Budget by \$839,650. The majority of the variance is related to increased Property Tax, Measure O-2006 Sales Tax, User Fees, and Franchise Fees revenues that exceeded the Adjusted Budget. The Year-End Report includes greater detail regarding the causes for the revenue variances.

Expenditures (approximately \$3.4 million lower)

Actual expenditures were \$3,358,241 lower than the Budget by 10%. All of the City's departments are under their spending targets. Some of the more significant savings occurred in the Measure O 2006 Sales CIP Allocation, Administrative Services, Public Works, Community Development, and Police Departments. The Year-End Report includes greater detail regarding the causes for the expenditure variances in these departments.

Section 5 of the Third Quarter Report includes a new update on the Goal Status Reports to Council, that includes the City's progress towards completing Major City Goals and Capital Improvement Plan. This information is provided to keep the City Council apprised of the status of the Goal Status Reports and includes progress towards completing Major City Goals and Capital Improvement Plan.

ALTERNATIVES:

The following alternatives are provided for the Council's consideration:

1. Receive and file the Fiscal Year 2023-24 Year-End Financial Status; or
2. Provide other direction to staff.

ADVANTAGES:

The financial report presents an updated review of the City's financial performance in FY 2023-24.

DISADVANTAGES:

No disadvantages have been identified at this time.

ENVIRONMENTAL REVIEW:

No environmental review is required for this item.

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PUBLIC NOTIFICATION AND COMMENTS:

The Agenda was posted at City Hall and on the City's website in accordance with Government Code Section 54954.2.

ATTACHMENTS:

1. Fiscal Year 2023-24 Year-End Financial Status Report