



Cotati City Council Agenda Staff Report

Item type: REGULAR AGENDA (ACTION)
To: City Council
Subject: **FISCAL YEAR 2024/25 -FIRST QUARTER FINANCIAL UPDATE - REPORT FOR SUMMARY OF REVENUE SOURCES, CASH AND INVESTMENT**
Date: October 22, 2024
Written by: Angela Courter, Director of Administrative Services

Recommendation

It is recommended that the City Council receive the presentation on the un-audited financial position for the City as of the First Quarter Fiscal Year 2024/25.

Background

City staff are committed to continued financial updates to report on receipts of key revenues and the overall City cash position.

Analysis/Discussion

General Fund:

Revenues:

The City of Cotati's main revenue sources as a percent of total General Fund Sources are Sales Taxes at 26.6%, Voter Approved Local Revenue (Measure S) at 27.75%, Property Taxes at 17% then other Taxes, Charges for Services, Permits and Licenses for a combined 27.1%.

Overall Revenues for the General Fund are \$1,089,149 or 4.3% higher than the same period in Fiscal year 2023/24.

Significant changes to the total revenues for the General Fund were:

- Licenses, Permits and Franchise increased by approximately \$41K due to timing of receipts for the garbage franchise fees.
- Other Taxes, primarily made up of cannabis business taxes, had increases of approximately 33.6% or \$28K over prior year due to additional businesses operations.

- Other Revenues increased 126.5% or \$35K due to the timing of receipts for the SSU Safety Services Contract.
- Investment Earnings increased 44.6% or \$23K primarily due to the timing of interest earnings from internal debt service from other funds.
- Property Taxes are received from the County in December and April. The annual budgeted balance is in line with the County’s projections.

Expenditures:

Overall, cumulative General Fund expenditure decreased from the previous year by approximately 18.7% or \$569,000. This change was due to the reduction in transfers out required for capital projects due to timing of projects as well as availability of other funding sources including special revenue funds, grant funds, or street bond funds, which are utilized before General Fund.

By department, total dollar increases were noted across all departments, when compared to the same quarter in the previous year. This increase is primarily due to increased insurance, utilities, and IT infrastructure improvements. Comparing the fiscal quarter to budget all departments are mostly aligned with an expectation of 25% with the Recreation Department at 30.5% primarily due to the volume of events and camps during the summer months. The Community Development department was at 28.3% primarily due to a one-time purchase of software to implement online permit processing which is currently in implementation.

Enterprise Funds:

The Water and Wastewater Funds revenues include charges for services, connection fees other revenues, and development fees. Utility accounts are billed monthly. In the prior year, utility accounts were billed bi-monthly and as such within the first quarter of the fiscal year, only one billing cycle has been completed.

Revenues:

The revenues for the Water Funds and Wastewater Funds have increased from the same period last year primarily due to the move to monthly billing as well as increased consumption with drought regulations in place during fiscal year 2023/24.

Expenditures:

For Fiscal Year 2024/25, most expenses are in line with budget at year-end. Wastewater Treatment is the largest expenditure, however it only increased by 6.7% compared to the prior year. Other significant increases are aligned with the General Fund where cost of insurance paid at the start of the year, utilities, and the allocation IT infrastructure improvements increased expenditures the most during this quarter. The wastewater fund also was impacted by an emergency repair totaling an additional \$45K in the quarter. The annual budget for expenditures is in line with expectations given the timing of capital projects. Staff will continue to review the expenditures for alignment and adjustment as of Mid-Year.

City-Wide Cash and Investments:

Cash and Investments remain stable at \$15.4M, where most of the funds are held in the US Bank Trust \$7.8M (53%) and California Asset Management Program (CAMP) \$6.5M (43%) due to higher return. The City Operating funds held at Exchange Bank with \$620K (4%). The

remainder of the City's funds are held in the Sonoma County Investment Pool (SCIP), Local Agency Investment Funds (LAIF), a Restricted Escrow Account, and within a Fiduciary Funds account at US Bank with a combined total of \$390K.

Financial Considerations

There is no immediate fiscal impact or budget action necessary. City Staff will continue to report to Council and the community quarterly.

Environmental Issues

The presentation of recurring financial position has been identified to have no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA review. This general rule can be applied to activities which could be subject to the CEQA process, but which logic dictates should not be subject to CEQA review. Therefore, based on the information provided above, the proposed resolution is exempt from CEQA pursuant to Section 14.03.021 of the CEQA Guidelines in that there is no possibility that the activity may have a significant impact on the environment.