FISCAL YEAR (FY) 2015-2016
MID-YEAR BUDGET REVIEW

Presenter: Joseph Lillio, Director of Finance
April 19, 2016
**GENERAL FUND BUDGET**

<table>
<thead>
<tr>
<th></th>
<th>FY14-15</th>
<th>FY15-16</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>REVENUE</td>
<td>REVENUE</td>
</tr>
<tr>
<td>Adopted</td>
<td>$60,642,700</td>
<td>$63,238,130</td>
</tr>
<tr>
<td>Year-end</td>
<td>$64,316,920</td>
<td>$64,377,060</td>
</tr>
<tr>
<td>Unaudited</td>
<td>$64,382,192</td>
<td></td>
</tr>
<tr>
<td></td>
<td>EXPENDITURE</td>
<td>EXPENDITURE</td>
</tr>
<tr>
<td>Adopted</td>
<td>$64,043,100</td>
<td>$64,377,060</td>
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<td>Year-end</td>
<td>$64,382,192</td>
<td></td>
</tr>
</tbody>
</table>

**FY14-15 UNAUDITED YEAR-END RESULTS**
## FY14-15 UNAUDITED YEAR-END REVENUE

### General Fund Revenue

$60,642,700 Adopted Original

$64,316,920 Year-end Unaudited

+ $3.67M Variance

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### Notable Variance

+ $1.4M Services Charges

+ $598k Franchise Tax

+ $588k Sales & Use Tax

- $495k Cogeneration

- $423k Business License

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<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Business License</td>
<td>11,118,000</td>
<td>10,694,529</td>
<td>(423,471)</td>
</tr>
<tr>
<td>Sales &amp; Use Tax</td>
<td>7,942,500</td>
<td>8,530,162</td>
<td>587,662</td>
</tr>
<tr>
<td>Sales Tax in Lieu</td>
<td>2,758,000</td>
<td>2,907,652</td>
<td>149,652</td>
</tr>
<tr>
<td>Property Tax</td>
<td>6,356,600</td>
<td>6,698,723</td>
<td>342,123</td>
</tr>
<tr>
<td>Transient Occupancy (TOT)</td>
<td>5,459,200</td>
<td>5,423,972</td>
<td>(35,228)</td>
</tr>
<tr>
<td>Charges for Services</td>
<td>4,720,500</td>
<td>6,120,641</td>
<td>1,400,141</td>
</tr>
<tr>
<td>Electric Utility Tax</td>
<td>3,050,000</td>
<td>3,150,652</td>
<td>100,652</td>
</tr>
<tr>
<td>Franchise Tax</td>
<td>3,075,000</td>
<td>3,672,611</td>
<td>597,611</td>
</tr>
<tr>
<td>Cogeneration Electric</td>
<td>1,690,000</td>
<td>1,194,979</td>
<td>(495,021)</td>
</tr>
<tr>
<td>License &amp; Permits</td>
<td>1,720,000</td>
<td>2,008,675</td>
<td>288,675</td>
</tr>
<tr>
<td>Gas Utility Tax</td>
<td>3,000,000</td>
<td>2,912,199</td>
<td>(87,801)</td>
</tr>
<tr>
<td>Interest/Rentals</td>
<td>247,000</td>
<td>484,283</td>
<td>237,283</td>
</tr>
<tr>
<td>Tax Resolution Agreement</td>
<td>5,108,300</td>
<td>4,843,034</td>
<td>(265,266)</td>
</tr>
<tr>
<td>Other Revenues</td>
<td>3,997,600</td>
<td>5,674,808</td>
<td>1,677,208</td>
</tr>
<tr>
<td><strong>Total General Fund Revenues</strong></td>
<td><strong>60,242,700</strong></td>
<td><strong>64,316,920</strong></td>
<td><strong>4,074,220</strong></td>
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<tr>
<td><strong>Net of Transfers</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfers In</td>
<td>400,000</td>
<td>0</td>
<td>(400,000)</td>
</tr>
<tr>
<td><strong>Total General Fund Revenues</strong></td>
<td><strong>60,642,700</strong></td>
<td><strong>64,316,920</strong></td>
<td><strong>3,674,220</strong></td>
</tr>
</tbody>
</table>
FY14-15 UNAUDITED YEAR-END REVENUE

ADOPTED vs YEAR-END Unaudited General Fund REVENUE

- FY 2014-2015 Adopted Budget
- Unaudited FYE 2014-15

Graph showing revenue for various categories such as Sales & Use Tax, Sales Tax in Lieu, Property Tax, Transient Occupancy (TOT), Electric Utility Tax, Franchise Tax, and Gas Utility Tax.
## General Fund Expenditure

**FY 2014-2015 Unaudited Expenditure**

**$64,043,100** Adopted Original

**$64,382,192** Year-end Unaudited

+ **$ 339,092** 0.5% Variance

### Non-departmental
- Sick/Vacation Payouts
- Group Medical

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Elected Officials</td>
<td>1,016,000</td>
<td>831,172</td>
<td>(184,828)</td>
</tr>
<tr>
<td>Administrative Support</td>
<td>4,457,000</td>
<td>4,238,473</td>
<td>(218,527)</td>
</tr>
<tr>
<td>Police</td>
<td>17,999,600</td>
<td>17,746,376</td>
<td>(253,224)</td>
</tr>
<tr>
<td>Fire</td>
<td>14,160,100</td>
<td>13,952,730</td>
<td>(207,370)</td>
</tr>
<tr>
<td>Communication Centers</td>
<td>1,398,300</td>
<td>1,366,531</td>
<td>(31,769)</td>
</tr>
<tr>
<td>Planning &amp; Building Safety</td>
<td>2,996,700</td>
<td>2,789,178</td>
<td>(207,522)</td>
</tr>
<tr>
<td>Public Works</td>
<td>5,925,600</td>
<td>5,640,088</td>
<td>(285,512)</td>
</tr>
<tr>
<td>Recreation and Parks</td>
<td>5,082,200</td>
<td>4,849,093</td>
<td>(233,107)</td>
</tr>
<tr>
<td>Library</td>
<td>2,188,400</td>
<td>2,046,841</td>
<td>(141,559)</td>
</tr>
<tr>
<td>Non-department</td>
<td>4,242,800</td>
<td>6,345,294</td>
<td>2,102,494</td>
</tr>
<tr>
<td>Transfers out</td>
<td>4,576,400</td>
<td>4,576,416</td>
<td>16</td>
</tr>
<tr>
<td>Total General Fund Expenditures</td>
<td><strong>$64,043,100</strong></td>
<td><strong>$64,382,192</strong></td>
<td><strong>$339,092</strong></td>
</tr>
</tbody>
</table>

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Fiscal Year 2014-2015 - General Fund Expenditures Unaudited - $64,382,192
MID-YEAR → SNAPSHOT (as of March 2016)

REVENUES → ON TARGET (as of Q2, 2016)

$63,238,130 Adopted Budget
$63,728,195 Revised Year-end Estimate
$ 490,065 Increase

Includes $.5 Million Development Agreement Un-anticipated Revenue

EXPENDITURES → BELOW BUDGET

$64,377,060 Adopted Budget
$64,226,998 Revised Year-end Estimate
$ 150,062 Decrease
FY 2015-16 Adopted General Fund Revenue Budget

- $11.3M or 18% - Business License
- $10.9M or 17% - Sales & Use Tax
- $6.1M or 10% - T.O.T.
- $6.7M or 11% - Property Tax
- $3M

- Business License
- Sales & Use Tax
- Sales Tax in Lieu
- Transient Occupancy (TOT)
- Charges for Services
- Franchise Tax
- Other Revenues
- License & Permits
- Tax Resolution Agreement

FY15-16 GENERAL FUND REVENUE | ADOPTED

$63.2M
Adopted vs Year-end Revenue Estimate $63,728,195

Thousands

- Sales & Use Tax
- Sales Tax in Lieu
- Property Tax
- Transient Occupancy (TOT)
- Electric Utility Tax
- Franchise Tax
- Gas Utility Tax

FY 2015-2016 Adopted Budget
FY 2015-2016 Year-end Estimate

$63.7M
FY15-16 GENERAL FUND REVENUE | ESTIMATE

$63.7M

Adopted vs Year-end Revenue Estimates $63,728,195

- FY 2015-2016 Adopted Budget
- FY 2015-2016 Year-end Estimate

Revenue Sources:
- Business License
- Charges for Services
- Cogeneration Electric
- License & Permits
- Interest/Rentals
- Tax Resolution Agreement
- Other Revenues
- Transfers In

Thousands

ADPTED REVENUES VS YEAR-END ESTIMATES ($63,728,195)

FY 2015-2016 Adopted Budget
FY 2015-2016 Year-end Estimate
Fiscal Year 2015-2016 General Fund Midyear Revenues

- Sales & Use Tax
- Sales Tax in Lieu
- Property Tax
- Transient Occupancy (TOT)
- Electric Utility Tax
- Franchise Tax
- Gas Utility Tax

Comparing the FY 2015-2016 Adopted Budget to Current Year Through 3/31/2016.
FY 2015-16 Adopted General Fund Expenditure Budget

- Police: 31%
- Fire: 23%
- Rec and Parks: 8%
- Planning & Building Safety: 4%
- Communication Centers: 2%
- Public Works: 11%
- Non-department: 8%
- Transfers out: 1%
- Elected Officials: 2%
- Administrative Support: 7%

Total Expenditure: $64.4M
Adopted vs Year-end Estimates $64,226,998

FY 2015-2016 Adopted Budget

FY 2015-2016 Year-end Estimate

$64.4M
<table>
<thead>
<tr>
<th>GENERAL FUND</th>
<th>FY15-16 ADOPTED BUDGET</th>
<th>FY15-16 PROJECTED YEAREND</th>
<th>VARIANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$63,238,130</td>
<td>$63,728,195</td>
<td>$490,065</td>
</tr>
<tr>
<td>Expenditures</td>
<td>64,377,060</td>
<td>64,226,998</td>
<td>(150,062)</td>
</tr>
<tr>
<td>Summary</td>
<td>(1,138,930)</td>
<td>(498,803)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>FY14-15 Unaudited</td>
<td>FY15-16 Adopted</td>
<td>FY15-16 Year-end Estimate</td>
</tr>
<tr>
<td>----------------</td>
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<td>--------------------------</td>
</tr>
<tr>
<td><strong>REVENUE</strong></td>
<td>$27,965,800</td>
<td>$29,276,400</td>
<td>$29,276,400</td>
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<tr>
<td><strong>EXPENDITURE</strong></td>
<td>$25,033,059</td>
<td>$29,176,900</td>
<td>$29,176,900</td>
</tr>
</tbody>
</table>
## SEWER UTILITY FUND

- **Revenues Up!**
- **Expenditures On Track!**

### FY14-15
- **Unaudited Revenue:** $3,764,500
- **Unaudited Expenditure:** $3,276,416

### FY15-16
- **Adopted Revenue:** $3,515,400
- **Adopted Expenditure:** $8,571,800
- **Year-end Revenue Estimate:** $3,740,400
- **Year-end Expenditure Estimate:** $8,571,800
GOLF COURSE FUND

31.35% Budgeted Revenue
36.01% Budgeted Expenditures

Revenue at the Golf Course typically increases in the spring and summer, during peak season.

Staff will continue to monitor this fund.
SPECIAL REVENUE FUND

SPECIAL REVENUE FUND SOURCES
- Federal
  o COPS
- State & County Programs
  o Traffic Safety
  o State Gas Tax
  o Asset Forfeiture
  o Measure R
  o Prop A & C
  o CDBG
  o Federal & State Grants

ASSET FORFEITURE

<table>
<thead>
<tr>
<th>FY14-15</th>
<th>FY15-16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unaudited Revenue</td>
<td>Adopted Revenue</td>
</tr>
<tr>
<td>$343,243</td>
<td>$175,000</td>
</tr>
<tr>
<td>Year-end Estimate</td>
<td>$675,000</td>
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SPECIAL REVENUE FUND on Track! Except Asset Forfeiture. $500,000 Asset Forfeiture revenue received in April was not anticipated in the budget.
DEBT SERVICE FUND

<table>
<thead>
<tr>
<th>FY15-16</th>
<th>EXPENDITURE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adopted</td>
<td>$ 0</td>
</tr>
<tr>
<td>Year-end</td>
<td>$ 535,900</td>
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<tr>
<td>Estimate</td>
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REQUIRED BUDGET

<table>
<thead>
<tr>
<th>FY15-16</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>$244,800 Interest</td>
</tr>
<tr>
<td></td>
<td>$291,100 Principal</td>
</tr>
<tr>
<td></td>
<td>$535,900</td>
</tr>
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</table>

DEBT SERVICE FUND (Fund 202)
Records the City’s facility lease activity for the Douglas Street Gap Closure.
MID-YEAR REVIEW
FY15-16
REQUEST OF ADDITIONAL BUDGETARY DIRECTION FOR CAPITAL RELATED PROJECTS
April 19, 2016
On March 1, 2016 City Council approved contract for the Richmond Street Rehabilitation Project

City Council directed staff to:

1) Reduced the project budget by $334,000:
   • $135,000 Structured Soil
   • $90,000 Pedestrian Lighting Fixtures
   • $59,000 Pedestrian Lighting Conduit
   • $50,000 Tree Well Paver Detail

2) Bring back a discussion on these reductions during the mid-year presentation

Staff recommends City Council provide final direction to staff on which items listed above should be reintroduced to the project budget.
Sidewalk, curb and gutter repairs were **not budgeted** in FY 2015-16.

Staff to **revisit** funding pending the outcome of the Richmond Street Project.

Staff recommended on March 1, 2016 that consideration be **deferred** until presentation of the mid-year budget in April.

Staff is now seeking **direction** from City Council on whether to authorize a **transfer of $200,000** from the General Fund to CIP to continue City-wide sidewalk, curb and gutter repairs under the current low bid contract.
MID-YEAR DISCUSSION
FY15-16
MEASURE B
On April 12, 2016, registered voters in the City of El Segundo had the opportunity to vote for **Measure B** which would raise the Transient Occupancy Tax (**T.O.T.**) rate from **8% to 12%** effective on **June 1, 2016**

The additional revenue that is anticipated for FY 2015-16, June 1 through September 30, will be **$1,018,000**
• Ongoing annual General Fund revenue is expected to be **$3,200,000** based on current rates and room count

• The **passage** of Measure B was **not calculated** into the mid-year budget presentation

• Staff will present a CIP funding policy during strategic planning to discuss committing a portion of the additional ongoing revenue to capital
MID-YEAR REVIEW
CONCLUSION
At the Department level, the City is spending according to plan. This is reflected in the FY14-15 budget to unaudited yearend results of $64,043,100 compared to $64,382,192, respectively. This is a variance of less than 0.5%. As well as in the current year budget to projected yearend for a difference of $150,062. This represents spending that is in line with the budgetary plan.

Revenues are tracking well in line with budget, even with the volatility of certain revenues sources that are tied to economic activity or commodity prices such as gasoline and natural gas.
CONCLUSION

- Departments closely monitoring expenditures and revenues has resulted in adherence to the budget document.
- **Recap**: original adopted budget for FY 2015-16 had an undesignated fund balance reserve of $14,203 which is revised to the yearend projection of $713,993.
- This is **achieved** while maintaining a designated **19% reserve** in the General Fund.