

# *City of Palos Verdes Estates*

## MID-YEAR BUDGET REVIEW

2018



# PURPOSE OF MID-YEAR BUDGET REVIEW



- Review and compare current budget (revenues and expenditures) with adopted budget for assessing status of budget expectations.
- Make budget adjustments as necessary.
- Serve as a baseline for forecasting year-end.

*A Mid-Year Budget Review is a routine practice and part of the budget cycle.*

# IN 2017-18, THE CITY HAS:



- Covered Fire & Paramedic services.
  - Implemented one-time and temporary reductions of \$1,271,733, fund transfers of \$1,529,246, and utilized fiscal reserves in the amount of \$1,471,078 (\$4,272,057 – total).
- Completed an independent evaluation of the Police Department.
  - Police Department reductions amount to \$630,000 when fully implemented.
- Updated user fees and charges.
  - Net fees and charges are estimated to increase revenue by \$380,000.
- Commenced an independent study of the City's non-safety services.
  - Scheduled for presentation to the City Council on March 13, 2018.
- Established a Finance Advisory Committee.
  - For providing advice and recommendations on the City's fiscal health and fiscal sustainability.

# CITY REVENUE



**Income is as-expected and on target.**

As of December 31, 2017, revenue is consistent with expectations at mid-year (at 38.27% realized) and performing favorably.

- Property Taxes: The City receives 40% of estimated property taxes during December. Currently, the City demonstrates a 1.23% favorable variance.

Revenue Sources	2017-2018 Adopted Budget	2017-2018 Actual	Budget to Actual \$\$ Variance	Budget to Actual % Variance
<b>General Fund Revenues</b>				
Property Tax	7,981,689	3,290,512	4,691,177	41.23%
Property Tax-In Lieu	1,375,395	0	1,375,395	0.00%
Sales Tax	379,000	138,351	240,649	36.50%
Real Estates Transfer Tax	200,000	100,111	99,889	50.06%
Business License Tax	208,000	20,211	187,789	9.72%
Franchise Fees	569,206	67,711	501,495	11.90%
Development Fees	994,000	705,627	288,373	70.99%
Motor Vehicle License Fees	0	0	0	0.00%
Interest Income	70,000	49,267	20,733	70.38%
<b>Key Revenues</b>	<b>11,777,290</b>	<b>4,371,790</b>	<b>7,405,501</b>	<b>37.12%</b>
Concessions and Rent	1,288,100	574,727	713,373	44.62%
Licenses & Permits	30,500	4,314	26,186	14.14%
Safety Fines	150,000	55,454	94,546	36.97%
Services Charges	58,000	45,736	12,264	78.85%
Other Fees*	539,591	8,905	530,686	1.65%
Other Revenues	<b>2,066,191</b>	<b>689,135</b>	<b>1,377,056</b>	<b>33.35%</b>
Revenues Before Transfers	<b>13,843,481</b>	<b>5,060,925</b>	<b>8,782,556</b>	<b>36.56%</b>
Transfers In	<b>1,623,746</b>	<b>859,123</b>	<b>764,623</b>	<b>52.91%</b>
<b>Total Revenues Including Transfers</b>	<b>15,467,227</b>	<b>5,920,048</b>	<b>9,547,179</b>	<b>38.27%</b>

# CITY EXPENDITURES



**Expenses are as-expected and on target.**

- General Fund (operating) expenditures is at a favorable position of 1.82% (approximately \$300,000) below budget expectations
- Available budget is being realigned among Departments to reflect actual expenditures.

DEPT / DIVISION EXPENDITURES	ORIGINAL BUDGET	ADJUSTED BUDGET	Y-T-D ACTUAL *	% USED	BALANCE AVAILABLE	% AVAILABLE	% UNDER (OVER)
CITY MANAGER	726,014	770,514	359,938	46.71%	410,576	53.29%	
CITY ATTORNEY	177,000	177,000	122,279	69.08%	54,721	30.92%	
CITY CLERK	203,919	292,242	107,862	36.91%	184,380	63.09%	
NON-DEPARTMENTAL	167,532	167,532	92,215	55.04%	75,318	44.96%	
ADMINISTRATION	<b>1,274,466</b>	<b>1,407,289</b>	<b>682,295</b>	<b>48.48%</b>	<b>724,994</b>	<b>51.52%</b>	<b>1.52%</b>
FINANCE	619,119	650,543	339,910	52.25%	310,633	47.75%	
CITY TREASURER	45,398	45,398	18,593	40.96%	26,805	59.04%	
FINANCE	<b>664,517</b>	<b>695,941</b>	<b>358,502</b>	<b>51.51%</b>	<b>337,439</b>	<b>48.49%</b>	<b>-1.51%</b>
POLICE	7,142,338	7,142,338	3,486,088	48.81%	3,656,250	51.19%	
POLICE	<b>7,142,338</b>	<b>7,142,338</b>	<b>3,486,088</b>	<b>48.81%</b>	<b>3,656,250</b>	<b>51.19%</b>	<b>1.19%</b>
BUILDING	738,671	738,671	279,353	37.82%	459,318	62.18%	
PLANNING	367,021	367,021	205,496	55.99%	161,525	44.01%	
CITY PROPERTIES	177,501	177,501	80,297	45.24%	97,204	54.76%	
PLANNING & BUILDING	<b>1,283,193</b>	<b>1,283,193</b>	<b>565,146</b>	<b>44.04%</b>	<b>718,047</b>	<b>55.96%</b>	<b>5.96%</b>
PUBLIC WORKS ADMN	829,263	829,263	281,759	33.98%	547,504	66.02%	
STREETS	102,385	102,385	42,278	41.29%	60,107	58.71%	
PARKLANDS	1,201,785	1,251,785	629,458	50.28%	622,327	49.72%	
MAINTENANCE SERVICES	<b>2,133,433</b>	<b>2,183,433</b>	<b>953,494</b>	<b>43.67%</b>	<b>1,229,938</b>	<b>56.33%</b>	<b>6.33%</b>
GENERAL FUND EXPENDITURES BEFORE TRANSFERS	<b>12,497,947</b>	<b>12,712,194</b>	<b>6,045,525</b>	<b>47.56%</b>	<b>6,666,668</b>	<b>52.44%</b>	<b>2.44%</b>
TRANSFERS OUT	<b>4,345,858</b>	<b>4,345,858</b>	<b>2,172,929</b>	<b>50.00%</b>	<b>2,172,929</b>	<b>50.00%</b>	<b>0.00%</b>
GENERAL FUND EXPENDITURES INCLUDING TRANSFERS	<b>16,843,805</b>	<b>17,058,052</b>	<b>8,218,454</b>	<b>48.18%</b>	<b>8,839,597</b>	<b>51.82%</b>	<b>1.82%</b>

# CAPITAL IMPROVEMENT PROJECT (CIP)



At the Fund level, expenditures are below expectations. Funds are retained in the Fund until the projects commence.

- Note: ALPR expenses necessitate an accounting adjustment to align with the approved budget appropriation.

FUND	ACCOUNT	PROJECT #	CAPITAL PROJECT	ORIGINAL BUDGET	ADJUSTED BUDGET	PERIOD EXPENDITURES	YEAR TO DATE EXP *	AVAILABLE BALANCE	% USED
	30-7500-5	80047	TRAFFIC CALMING	26,200	26,200	1,475	9,945	16,255	37.96%
	30-7500-5	80050	SLURRY SEAL	-	-	-	580	(580)	0.00%
	30-7500-5	80100	REPAIRS STORM	50,600	50,600	-	2,152	48,448	4.25%
	30-7500-5	80102	CATCH BASIN REPLACEMENT	1,815	1,815	-	-	1,815	0.00%
	30-7500-5	80159	MS4: FULL CAPTURE SM BAY	210,000	210,000	-	-	210,000	0.00%
	30-7500-5	80800	STREET CONST. & MT.	-	-	-	-	-	0.00%
	30-7500-5	80815	MALAGA BEAUTIFY	-	-	-	-	-	0.00%
	30-7500-5	80849	CITY HALL SAFETY PROJECT	-	-	-	-	-	0.00%
	30-7500-5	80855	CITY HALL ADA IMPROVEMEN	187,969	187,969	-	-	187,969	0.00%
	30-7500-5	80857	GREEN WASTE STORAGE CAMP	-	-	-	-	-	0.00%
	30-7500-5	80891	STREET RESURFACING	354,400	354,400	-	15,963	338,438	4.50%
	30-7500-5	80892	PAVEMENT MGMT SYSTEM	60,000	60,000	-	11,140	48,860	18.57%
	30-7500-5	80895	LIGHT CRS WLK PVDW VIA C	-	-	-	-	-	0.00%
	30-7500-5	80896	ADA UPGRADES CITYWIDE	202,500	202,500	-	-	202,500	0.00%
	30-7500-5	80897	CITY HALL PHONE SYSTEM	-	-	-	-	-	0.00%
	30-7500-5	80901	CIVC CTR INFR ASSESSMENT	-	-	-	-	-	0.00%
	30-7500-5	80904	CTY STM DRN #3 REPAIR	288,920	288,920	-	-	288,920	0.00%
	30-7500-5	80906	TREE MGMT PLAN	50,000	50,000	-	-	50,000	0.00%
	30-7500-5	80909	PVDW TRIANGLE STUDY	102,471	102,471	-	-	102,471	0.00%
	30-7500-5	80910	FARNHAM MARTIN PARK FNTN	-	-	-	-	-	0.00%
	30-7500-5	80911	ROSSLER FOUNTAIN UPGRADE	10,000	10,000	-	-	10,000	0.00%
	30-7500-5	80912	MALAGA CV PLZA ENHANCE	-	-	-	-	-	0.00%
	30-7500-5	80913	LND A BY PLZA ENHANCEMENT	150,000	150,000	-	-	150,000	0.00%
	30-7500-5	80914	TRIANGLE LANDSCAPE PVDW	-	-	-	-	-	0.00%
	30-7500-5	80916	TREE INVENTORY	50,000	50,000	-	-	50,000	0.00%
	30-7500-5	80918	LANDUSE STUDY MLGA CV PL	-	-	-	-	-	0.00%
	30-7500-5	80919	AUTOMOBILE LICENSE PLATE READER	24,000	24,000	-	53,813	(29,813)	224.22%
	30-7500-5	81105	DEL SOL - FIRE TURNOUT	-	-	-	-	-	0.00%
	30-7500-5	81300	CURB & GUTTERS	76,900	76,900	-	-	76,900	0.00%
	30-7500-5	81310	GUARDRAIL PROJECT	25,000	25,000	-	-	25,000	0.00%
	30-7500-5	81315	REFLECT ROAD REG SIGNS	100,000	100,000	-	-	100,000	0.00%
	30-7500-5	81497	CITYWIDE IRRIGATION UPGR	-	-	-	5,378	(5,378)	0.00%
<b>30 - CAPITAL IMPROVEMENT</b>				<b>1,970,775</b>	<b>1,970,775</b>	<b>1,475</b>	<b>98,969</b>	<b>1,871,806</b>	<b>5.02%</b>
	30-7500-5	69999	CIP - OPERATING TRANSFERS	1,029,246	1,029,246	514,623	514,623	514,623	50.00%
<b>30 - CAPITAL IMPROVEMENT</b>				<b>3,000,021</b>	<b>3,000,021</b>	<b>516,098</b>	<b>613,592</b>	<b>2,386,429</b>	<b>20.45%</b>
	62-7200-3	80101	SEWER REPAIR	361,635	361,635	-	3,574	358,061	0.99%
	62-7200-3	80155	VIA CORONEL/ZURITA UPGRA	343,940	343,940	-	-	343,940	0.00%
	62-7200-3	80158	SEWER COND ASSESSMENT	58,420	58,420	-	2,647	55,773	4.53%
<b>62 - SEWER</b>				<b>763,995</b>	<b>763,995</b>	<b>-</b>	<b>6,221</b>	<b>757,774</b>	<b>0.81%</b>
	50-7500-5	80886	STABLE MANURE PLATFORM	-	35,000	-	-	35,000	0.00%
<b>50- PV STABLES</b>				<b>-</b>	<b>35,000</b>	<b>-</b>	<b>-</b>	<b>35,000</b>	<b>0.00%</b>
<b>GRAND TOTAL</b>				<b>3,764,016</b>	<b>3,799,016</b>	<b>516,098</b>	<b>619,814</b>	<b>3,179,202</b>	<b>16.32%</b>

\* - Year to date expenditures include encumbered amounts

# FUND SUMMARY



The Fund Balances are as-expected.

- The City is maintaining \$7.2 million as the Policy reserve. With net transfers, the total General Fund operating balance of \$9.5 million is +/- 50%, consistent with Policy.
- Projected reduction of \$1,590,825 in General Fund balance reflects the reduction in Fire parcel tax revenue.

Major Funds	Audited Fund Balance June 30, 2017	Projected Fund Balance June 30, 2018
Fiscal Policy Reserve	7,200,000	7,200,000
Undesignated	3,938,731	2,347,906
<b>Total General Fund Balance</b>	<b>11,138,731</b>	<b>9,547,906</b>
Gas Tax	84,703	82,171
Police Grants (SLESF)	186,883	210,636
Fire/Paramedic Parcel Tax Fund Balance	703,615	42,485
Capital Improvement Fund	6,182,123	3,441,098
Sewer Capital Projects Fund	3,698,194	2,956,699
Equipment Replacement	2,962,825	2,163,012
Insurance	1,045,064	1,048,064
<b>Total - Major Fund Changes</b>	<b>26,002,138</b>	<b>19,492,071</b>

# MID-YEAR BUDGET ADJUSTMENTS



								UNDESIGNATED GENERAL FUND IMPACT
FUND	ACCOUNT	CLASSIFICATION	DEPARTMENT	JUSTIFICATION	REVENUE	EXPENDITURE		
<b>SERVICES</b>								
01	3000-64425	PROFESSIONAL SERVICES	FINANCE	<b>BUDGET RECLASS</b>	Finance Dept. Technical Support / Professional Accounting Services		23,950	
01	3160-66601	CONTINGENCY RESERVE	NON-DEPARTMENTAL	<b>BUDGET RECLASS</b>	Offset Finance Dept. Technical Support / Professional Accounting Services		(22,100)	
01	4000-41095	CANINE PAY	POLICE	<b>BUDGET RECLASS</b>	Offset Finance Dept. Technical Support / Professional Accounting Services		(1,850)	
01	3040-64425	LEGAL	CITY ATTORNEY	<b>BUDGET RECLASS</b>	Legal Services - Liebert Cassidy Whitmore		14,900	
01	3010-50090	HEALTH INSURANCE	CITY CLERK	<b>BUDGET RECLASS</b>	Offset Liebert Cassidy Whitmore Legal Services		(8,400)	
01	4000-41059	STUDENT & THE LAW	POLICE	<b>BUDGET RECLASS</b>	Offset Liebert Cassidy Whitmore Legal Services		(4,000)	
01	4000-62260	CANINE MAINTENANCE	POLICE	<b>BUDGET RECLASS</b>	Offset Liebert Cassidy Whitmore Legal Services		(2,500)	
01	2000-64425	PROFESSIONAL SERVICES	CITY MANAGER	<b>BUDGET EXPENDITURE</b>	Cornerstone Communications - Communications and Newsletter		12,000	
01	3010-62265	ELECTION	CITY CLERK	<b>BUDGET EXPENDITURE</b>	Martin & Chapman Election Services		10,000	
01	3000-64430	CONTRACTUAL SERVICES	FINANCE	<b>BUDGET EXPENDITURE</b>	Hdl Business License Charges FY 17-18		25,000	
01	31400	BUSINESS LICENSE TAX		<b>BUDGET REVENUE OFFSET</b>	Increase Business License Tax Revenue	10,000		
01	37100	CONSTRUCTION PERMITS		<b>BUDGET REVENUE OFFSET</b>	Increase Construction Permits Revenue	37,000		
<b>Total</b>						<b>\$47,000</b>	<b>\$47,000</b>	<b>\$ -</b>

***Budget is being realigned to reflect actual revenues and expenditures***



# FISCAL IMPACT



**The budget adjustments have a net impact of \$0.**

- The budget is being realigned to reflect actual revenues and expenditures.
- Appropriation represents expenditures offset by revenues.

Fiscal Impact General Fund	Revenue Adjustments	Expenditure Adjustments	Transfers	Fund Increase (Decrease)
Fiscal Policy Reserve	-	-	-	-
Undesignated	47,000	47,000	-	-
<b>Total General Fund Balance</b>	<b>47,000</b>	<b>47,000</b>	<b>-</b>	<b>-</b>

# NEXT STEPS



**Receive and file the mid-year budget report.**

**Approve Resolution R18-19.**

*The mid-year budget review will be provided to  
the Finance Advisory Committee.*