



# **City of Culver City**

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## **MID-YEAR BUDGET REPORT FISCAL YEAR 2020/2021 Through December 31, 2020**

## ***ATTACHMENT 1***

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## INTRODUCTION

This Mid-Year Budget Report presents an overview of the City's operating revenues and expenditures for the first half of Fiscal Year 2020/2021 as compared to budgeted amounts, explaining any notable deviations or trends in the numbers. The information in this report is organized into two sections: General Fund and Other Major Funds.

The Mid-Year Budget Report's purpose is threefold. First, it illustrates the City's focus on monitoring its revenues and expenditures, with the intent to proactively respond to unanticipated changes or emerging trends. Secondly, and equally important, the report is to provide fiscal transparency of City finances as the City is ultimately accountable to its residents for the use of revenue. Finally, an important reason to provide such information is that it serves as a starting point for preparing the FY 2021/2022 Budget.

The close of December encompasses the first six months of the City's fiscal year, presenting an ideal point of analysis to determine the viability of the adopted budget, or if and where adjustments should be considered. The Finance Department staff has reviewed all line items and compared actual results against budget expectations, historical trends, seasonality and other known factors affecting either revenue or spending streams to determine if recommendations for reductions or increases should be made. As the defined mid-point of the fiscal year, although the presumed expectation is that most categories should be at 50%, City revenues historically lag expenditures at this point in the fiscal year because of year-end accounting adjustments to major revenues and because the bulk of the property tax and business licenses revenues are received later in the fiscal year.

### REPORT HIGHLIGHTS:

- **General Fund Operating Revenues** through December 2020 total \$37.5M or 36.3% of the current revised FY 2020/2021 Budget. Analysis of the current fiscal year suggests the City's overall recurring General Fund revenues, along with one-time revenues, are expected to outpace the current revised FY 2020/2021 Budget. Additional General Fund Revenue details are provided beginning on page 2 of this report. Staff is recommending that revenue budget amounts be increased by \$3.93 million.
- **General Fund Expenditures** through December total \$65.6 million or 51.7% of the current revised FY 2020/2021 Budget. There are proposed mid-year budget adjustments of \$1.14M explained in more detail starting on page 6 of this report. The General Fund mid-year budget adjustments are broken into three categories: on-going personnel adjustments of \$376K; on-going non-personnel/other adjustments of \$251K; and one-time adjustments of \$519K.
- A brief mid-year overview is included in this report for Enterprise Funds and Internal Service Funds.

## GENERAL FUND

### GENERAL FUND REVENUES

As of December 31, 2020, General Fund operating revenue was \$37.5M, or 36.3% of the current revised budget. City revenues historically are less than 50% at this point in the fiscal year because of year-end accounting adjustments to major revenues and because the bulk of the property tax and business licenses revenues are received later in the fiscal year. Analysis of the current fiscal year suggests the City's overall recurring General Fund revenues, specifically sales tax, business license tax, cannabis tax and property transfer tax, are expected to outpace the current revised FY 2020/2021 Budget.

The table below displays the comparison between revenues received as of December 31<sup>st</sup> for the current and prior fiscal year and projected revenues for FY 2020/2021 compared to the revised budget:

GENERAL FUND REVENUES					
	2019/2020 REVENUE AS OF 12/31/2019	2019/2020 REVENUE TOTAL	2020/2021 REVENUE AS OF 12/31/2020	2020/2021 REVISED BUDGET TOTAL	2020/2021 PROJECTED REVENUES
Property Tax	2,362,597	10,251,499	2,655,025	10,128,843	\$ 10,711,068
Sales Tax	7,727,384	19,524,760	6,761,014	16,314,000	\$ 20,432,030
Sales Tax - Measure CC	3,715,921	9,149,608	2,940,992	7,573,000	\$ 9,138,000
Sales Tax - Measure C	374,916	4,481,941	1,446,560	3,787,000	\$ 4,469,000
Public Safety Sales Tax (PSAF)	157,071	450,634	155,383	340,000	\$ 445,000
Business Tax	356,204	14,599,849	1,401,882	6,975,000	\$ 9,525,000
Franchise Tax	326,952	1,435,516	1,044,811	1,000,000	\$ 1,740,000
Real Property Transfer Tax	2,186,212	4,067,119	2,593,104	3,210,000	\$ 5,550,000
Electricity UUT	3,207,154	6,413,805	3,050,095	5,337,000	\$ 5,796,675
Gas UUT	344,246	1,110,960	341,721	813,000	\$ 944,290
Water UUT	697,969	1,598,975	741,091	1,260,000	\$ 1,260,000
Telecomm UUT	1,411,757	3,435,047	1,215,358	2,885,000	\$ 3,048,131
Cable UUT	344,686	770,852	301,432	690,000	\$ 740,018
Transient Occupancy Tax (TOT)	3,927,038	6,319,491	1,040,923	4,266,000	\$ 2,500,000
Commercial/Industrial Dev. Tax	2,241,441	2,750,778	188,345	1,311,100	\$ 400,000
Licenses and Permits	4,251,368	6,411,276	1,706,089	6,293,670	\$ 4,293,670
Intergovernmental	135,663	5,913,472	345,193	5,916,785	\$ 5,916,785
Charges for Services	6,023,512	9,970,830	2,473,837	11,013,790	\$ 7,892,500
Fines and Forfeitures	2,174,554	4,331,630	943,505	4,002,500	\$ 2,152,500
Use of Money & Property	368,899	3,717,339	1,745,255	1,388,768	\$ 1,388,768
Interfund Revenues	2,464,671	4,929,342	2,714,966	5,429,932	\$ 5,429,932
Transfers In	1,376,697	5,671,678	1,358,612	3,142,225	\$ 3,142,225
Other Revenues	261,292	497,673	379,106	390,800	\$ 484,893
<b>TOTAL REVENUES</b>	<b>\$ 46,438,203</b>	<b>\$ 127,804,074</b>	<b>\$ 37,544,301</b>	<b>\$ 103,468,413</b>	<b>\$ 107,400,485</b>

Table 1

- **Property Tax** – As of December 31, 2020, the City received \$2.66M in Property Tax. Secured property taxes are about 12.4% above last year and are estimated to be slightly over budgeted receipts for FY 2020/2021. Staff is recommending a mid-year increase to revenue estimates of \$582,000 for general Property Taxes based on estimates from HdL.

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- **Sales Tax / Measure C/ Measure CC** – Total Sales Tax receipts as of December 31, 2020 were \$11.3M, or 40.4% of the current revised budget. There are only four months of receipts reflected in this report. In accordance with government accounting standards and the remittance from California Department of Tax and Fee Administration (CDTFA), sales tax revenues are received about two months in arrears.

A few categories that are performing well this fiscal year are building and construction, food and drugs, autos and transportation, and county and state pools (online sales). Based on the most recent report from our sales tax consultant, HdL, receipts in this category are expected to be higher than budget. It is recommended to increase total Sales Tax category by \$6.5M.

It is important to note that during the March 2020 election, the City was successful in having the sunset date of Measure CC (formerly Measure Y), the City's ½ Transaction Tax, extended by another ten years.

- **Business Tax** – The Business Tax category in Table 1 also includes receipts for Cannabis Tax. Total Business License Tax receipts as of December 31, 2020 are \$1M and Cannabis Tax is \$374K. Based on actual receipts in this category through February 2021, staff is recommending to increase the Business License Tax estimates by \$1.55M and the Cannabis estimates by \$1M.
- **Utility Users Taxes (UUT)** – Total UUT receipts as of December 31, 2020 were \$5.65M, or 51.4% of the current revised budget. In accordance with the same accounting standards that apply to sales tax receipts, UUT receipts received in July are recorded into the prior fiscal year, so as of December 2020 only five months of receipts have been recorded. With accrual calculations taken into account and based on estimates received from the City's consultant, Avenu, it is recommended that UUT is increased by \$804K (\$460K in Electric UUT, \$131K in Gas UUT, \$163K in Telecommunications UUT and \$50K in Cable UUT).
- **Transient Occupancy Tax (TOT)** – TOT receipts as of December 31, 2020 were \$1M or 24.4% of the revised budget. TOT has taken a significant hit due to COVID-19. TOT revenues were down by 73% compared to the same period in the prior fiscal year. Due to the prolonged length of quarantining at home, reduced air travel, and associated decreases in the purchase of hotel accommodations, TOT receipts have been negligible. Staff is recommending to decrease TOT estimates by \$1.7M.
- **Real Property Transfer Tax** – Real Property Transfer Tax as of December 31, 2020 was \$2.6M or 81% of the revised budget. Real Property Transfer Tax came in higher by \$373K compared to same period of the previous fiscal year. Based on the preliminary estimates, Real Property Transfer Tax is expected to come in strong due to higher sales of residential properties fueled by record low mortgage rates.

At the November 3, 2020 election, Culver City residents voted to approve Measure RE. Measure RE establishes a marginal tax rate with four brackets, based on sales price or value, for the City's real estate transfer tax effective April 1, 2021. This marginal tax will add 1.5% on amounts from \$1,500,000 to \$2,999,999, 3% on amounts from \$3,000,000 to \$9,999,999, and 4% on amounts \$10,000,000 and above. Measure RE would not apply to sales under \$1,500,000, affordable housing, and first transfer of new multi-family properties. It is anticipated that this tax

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will provide the City with an additional revenue of \$6,000,000 or more annually. Staff is recommending to increase property transfer tax estimates by \$2.3M.

- **Commercial/Industrial Development Tax** – This category was significantly hit due to the pandemic. The total revenue received for this category as of December 31, 2020 was \$188K or 14.4% of the revised budget. The revenues are down by \$2.1M compared to the same period of FY 2019/2020. Staff is recommending to decrease this tax revenue by \$911K.
- **Licenses & Permits** – Like the Commercial/Industrial Development Tax, Licenses and Permits revenue is driven by residential and commercial construction activity. Revenues as of December 31, 2020 were \$1.7M or 27% of the revised budget. The revenues for this category were down by 60% compared to same period of FY 2019/2020. Licenses and Permits for building, electrical and plumbing are the significant source of revenues for this category. Staff is recommending to decrease this revenue by \$2.375M.

Included in this category are Cannabis Permit Fees. Similar to the Cannabis Business Tax, this revenue expects to exceed the revised budget estimates by \$375K. Staff is recommending to increase this revenue by \$375K. The net impact to this category, Licenses & Permits, is a decrease of \$2M.

- **Intergovernmental Revenue** – Intergovernmental revenue is mostly comprised of the motor vehicle license fees from the State Department of Motor Vehicles which is received in January and May. It also includes revenue from the POST program, CNG Excise Tax credits, and CARES Act and FEMA reimbursements. Intergovernmental revenue as of December 31, 2020 was \$345K or 5.83% of the revised budget. It is possible the City will receive \$7.2M from the U.S. House Oversight & Reform proposal for state and local government federal relief. If this occurs, staff will bring a staff report to City Council to receive the funds and amend the budget at that time.
- **Charges for Services** – Receipts in this category as of December 31, 2020 were \$2.5M or 22.5% of the revised budget. Charges for Services category is comprised of a variety of revenues ranging from recreation program fees to police services and plan checks. This category experienced the most significant decreases due to the COVID-19 pandemic. The revenues for this category were down by \$3.5M compared to same period last year. Staff is recommending to decrease this category by \$3.12M.
- **Fines and Forfeitures** – Fines and Forfeitures as of December 31, 2020 was \$944K or 23.6% of the revised budget. This category is primarily comprised of red-light camera violations and moving violations written by Culver City traffic enforcement, and parking violations written by Culver City parking enforcement. During the past several months, parking violations were not enforced, and with a significant decrease in traffic, moving violations were negligible. Fines and forfeiture revenues are down by 59% when compared to the same period last year. Staff is recommending to decrease this revenue account by \$1.85M.
- **Use of Money and Property** – Use of Money and Property includes revenues from interest income, investments and income from rental of city properties. The revenues were \$1.7M or 125.7% of the revised budget.

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- **Other Revenues** – Other Revenues is comprised of loan payments, land sale proceeds, donations and miscellaneous revenues. Other revenues as of December 31, 2020 were \$379K or 97% of the revised budget. Staff is recommending that this line item be increased by \$94K.

The recommended Mid-Year revenue adjustments total approximately **\$3.93M** in increases above the current revised FY 2020/2021 Budget.

## GENERAL FUND EXPENDITURES

Overall, General Fund expenditures through mid-year are **\$65.6M** or 51.7% of projected appropriations, which is lower when compared to this point last fiscal year.

The tables below provide a comparison between the first six months of Fiscal Year 2020/2021 and Fiscal Year 2019/2020 and projected expenditures for FY 2020/2021 compared to the revised budget:

*Comparison by Department:*

GENERAL FUND EXPENDITURES					
DEPARTMENT	2019/2020 EXPENDITURE AS OF 12/31/2019	2019/2020 EXPENDITURE TOTAL	2020/2021 EXPENDITURE AS OF 12/31/2020	2020/2021 REVISED BUDGET TOTAL	2020/2021 PROJECTED EXPENDITURES
Administration	884,647	1,734,700	967,628	1,840,353	\$ 1,840,353
City Attorney	1,361,863	2,872,513	1,326,618	3,132,772	\$ 3,132,772
Finance	2,678,684	5,195,426	2,734,004	5,635,331	\$ 5,635,331
Administrative Services	1,240,478	2,491,196	1,207,903	2,670,026	\$ 2,670,026
Information Technology	2,446,380	4,613,038	2,168,110	4,724,966	\$ 4,724,966
Parks, Recreation & Comm Svcs	4,782,975	8,783,455	4,026,297	9,585,002	\$ 9,585,002
Police Department	24,875,045	44,069,062	25,149,610	45,343,728	\$ 45,343,728
Fire Department	13,643,468	24,226,486	14,877,970	25,705,693	\$ 25,705,693
Community Development	4,815,910	9,801,387	4,297,193	10,774,322	\$ 10,774,322
Public Works	6,827,965	13,063,006	6,503,605	13,414,170	\$ 13,414,170
Non-Departmental	1,063,341	4,077,536	1,989,185	2,689,474	\$ 2,689,474
Transfers	3,458,315	26,521	343,060	1,338,405	\$ 1,338,405
<b>TOTAL EXPENDITURES</b>	<b>\$ 68,079,069</b>	<b>\$ 120,954,326</b>	<b>\$ 65,591,182</b>	<b>\$ 126,854,243</b>	<b>\$ 126,854,243</b>

Table 2

*Comparison by Category:*

GENERAL FUND EXPENDITURES					
CATEGORY	2019/2020 EXPENDITURE AS OF 12/31/2019	2019/2020 EXPENDITURE TOTAL	2020/2021 EXPENDITURE AS OF 12/31/2020	2020/2021 REVISED BUDGET TOTAL	2020/2021 PROJECTED EXPENDITURES
Personnel Costs	\$ 50,798,784	\$ 91,977,050	\$ 54,130,606	\$ 96,560,341	\$ 96,560,341
Operating O & M	13,447,438	28,050,605	11,017,816	29,773,502	\$ 29,773,502
Capital	374,532	900,150	99,700	989,974	\$ 989,974
Budgeted Excess Appropriations	-	-	-	(1,807,979)	\$ (1,807,979)
Transfers	3,458,315	26,521	343,060	1,338,405	\$ 1,338,405
<b>TOTAL EXPENDITURES</b>	<b>\$ 68,079,069</b>	<b>\$ 120,954,326</b>	<b>\$ 65,591,182</b>	<b>\$ 126,854,243</b>	<b>\$ 126,854,243</b>

Table 3

Total expenditures as of December 2020 are \$2.5M lower than December 2019. A good portion of this is due to vacant positions and other budget cuts that were made as a result of COVID-19. Transfers of \$3.5M recorded as of December 2019 were high because of transfers made to Fund 420 – Improvements & Acquisitions for Capital Improvement Projects. Staff later reversed these transfers and also cancelled about \$8M in CIP projects recorded in Fund 420. A few departments are currently exceeding the 50% mark; however, Finance Staff projects that all departments will end the fiscal year within budget.



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The Personnel category was \$54M or 56.1% of the Revised Budget. Actual expenditures exceed 50% of budget due to the prepayment of the CALPERS Unfunded Accrued Liability (UAL) of \$14M from the General Fund. When the City pays the UAL payment up front CALPERS offers a discount of \$590K. Personnel expenditures as of December 2020 were also \$3.3M higher than December 2019. Items that contributed to this increase are the increased pension cost and the UAL payment to CalPERS (\$1.6M), the increase in contribution to the Self-Insurance Fund for worker's compensation and liability exposure (\$1M), and the increase in salaries (\$700K) due to the filling of new positions hired (July 2019 – March 2020) and SIO increases for public safety employees.

The Operations and Maintenance (O&M) category was \$11M or 37% of the revised budget. O&M expenditures as of December 2020 were \$2.4M lower than December 2019 because of decreased spending, cancellation of programs, and other activities that have significantly slowed due to COVID-19.

Overall, Finance staff is confident that the General Fund will end the fiscal year within the revised FY 2020/2021 Budget of \$126M, which includes increases of \$1.1M for mid-year appropriation adjustment requests.

## **Mid-Year Appropriation Adjustment Request**

Recommended appropriation adjustments for mid-year total \$1,144,910. Of this amount, \$518,560 is for one-time items, \$375,500 is for on-going personnel cost and \$250,850 is for ongoing non-personnel costs. Although there is a brief outline of the adjustment request below, there is a detailed explanation of each Mid-Year appropriation request in Attachment #2 of this staff report.

One-time appropriation adjustments include:

- \$14,000 for Departmental Supplies, City Council Minute preparation and COVID related supplies
- \$145,310 for contract services in Community Development (inspections services), hydroseeding and maintenance for our fields, and a Culver City Park AQMD site survey
- \$300,000 for Plan check and inspections services that will be offset with revenue from the Ting microfiber project.
- \$15,000 for replacement of a broken paint walker
- \$44,250 for contractual obligations for a CIP Project at City Hall

On-going appropriation adjustments include:

- \$375,500 for a partial year of staffing adjustments in the Finance Department, Human Resources, City Clerk, IT, Police, Community Development, and Housing (rent stabilization program, which has a revenue offset).
- \$155,850 for the Rent Stabilization program, which has a revenue offset.
- \$93,000 for contract services for janitorial services, maintenance of streetlights/traffic lights, homeless encampment clean-up
- \$2,000 for uniforms

## OTHER MAJOR FUNDS

A brief overview follows for the City's Enterprise and Internal Service Funds.

### ENTERPRISE FUNDS

The City has four Enterprise Funds: Refuse Disposal, Municipal Bus Lines, Sewer Enterprise, and Municipal Fiber Network, which account for the provision of direct services to the general public where all or a substantial portion of the costs involved are paid in the form of user charges or fees for such services.

- **Refuse Disposal Fund** was established to account for the operation of the City's refuse disposal, transfer station operation, recycling efforts, and street sweeping services.
- **Municipal Bus Lines Fund** is used to account for the operation, as well as the capital assets, of the City's Bus Lines. Other funding assistance comes from FTA Section 9 (Federal-Capital), TDA and STA (Capital and Operating), and Proposition A and Proposition C.
- **Sewer Enterprise Fund** is used to account for revenues collected through sewer charge fees and sewer facilities charges. These funds are used for expenditures related to the operation and maintenance of sewer disposal facilities, capital projects, and debt service on bonds for sewer facility improvements.
- **Municipal Fiber Network Fund** was established through a loan from General Fund to design and construct open access network where Internet Service Providers (ISPs) will utilize City's fiber infrastructure to service the business community.

OTHER MAJOR FUNDS EXPENDITURES					
DEPARTMENT	2019-20 EXPENDITURE AS OF 12/31/2019	2019-20 EXPENDITURE TOTAL	2020-21 EXPENDITURE AS OF 12/31/2020	2020-21 REVISED BUDGET TOTAL	2020-21 PROJECTED EXPENDITURES
Refuse Disposal Fund	8,447,676	18,018,846	7,880,627	17,699,705	16,603,478
Municipal Bus Lines	15,488,412	37,619,052	13,792,700	45,607,834	34,812,502
Sewer Enterprise Funds	3,568,499	9,051,719	3,694,804	10,840,587	9,273,140
Municipal Fiber Network Fund	916,071	3,552,955	1,295,031	3,555,639	2,911,385
<b>TOTAL EXPENDITURES</b>	<b>\$ 28,420,658</b>	<b>\$ 68,242,573</b>	<b>\$ 26,663,162</b>	<b>\$ 77,703,766</b>	<b>\$ 63,600,505</b>

Table 4

### REFUSE

At mid-year, the Refuse Fund operating expenditures are \$7.88 million, or 44.5% of the revised budget. Expenditures through December 2020 are \$576K less than the prior fiscal year due mostly to refuse disposal fees being less than budgeted (39.3% of budget) and budget savings in personnel costs.

Refuse Disposal Fee receipts at mid-year are \$1.77 million, or 43.9% of budgeted revenues. Bin Service and Tonnage Charges are recorded at slightly over 50% and are driven by increased home improvement and development activity. Overall Refuse Fund revenues are on track and are expected to be fully realized at fiscal year-end.

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An enhancement for funding a rate study was approved in the FY 2019/2020 budget. Due to the Covid-19 pandemic, this study was placed on hold and will be revisited during FY 2021/2022.

## **Municipal Bus Lines Fund**

Municipal Bus Lines Fund mid-year expenditures are \$13.8 million, or 30.2% of the revised budget. Expenditures through December 2020 are approximately 12.6% behind expenditures from the same period last year due mostly to the impact of COVID-19.

As of mid-year, there is also approximately \$11.1 million appropriated in other capital outlay, of which only 3.0% of these funds have been expended. Approximately \$6.5 million is encumbered and is anticipated to be expended by the end of the fiscal year. Capital projects not implemented or finished during a fiscal year are carried over to subsequent fiscal years.

A mid-year adjustment of \$742K for both expenditure and revenue is being requested to fund the MOVE Culver City Quick-Build Mobility Lane Pilot Program. This project was approved at the February 1, 2021 City Council meeting. The funding source will be Measure M Multi-Year Subregion Program funding obtained through the Westside Cities council of Governments.

Municipal Bus Lines Fund revenues are \$11.2 million or 29.9% of projected receipts. Municipal Bus Lines Fund revenues are mostly a combination of Federal, State and County funding sources along with farebox revenues.

## **Sewer Enterprise Fund**

Mid-year Sewer Fund operating expenditures are approximately \$3.7 million, or 34.1% of the revised budget. Personnel costs are at 34.9% of revised projections. A significant cause of the low mid-year operating expenditure percentage is the timing of payments to the City of Los Angeles for the Hyperion Treatment Plant payments. Revised budget for this category is \$3.6 million, of which only \$261,000 was expended at mid-year.

Sewer Enterprise Fund revenues at mid-year are \$3.86 million, or 35.9% of budget. Sewer Enterprise Fund revenues are on track to be fully realized at fiscal year-end.

## **Municipal Fiber Network Fund**

In July 2018, the Network was deemed operational with all the fiber infrastructure installed, spliced and tested. During FY 2018/2019, network configuration was also initiated for the electronics located in the local hubs and at the telecommunications carrier hotels at One Wilshire and Equinix (El Segundo). The City continues to work with enterprise businesses within the City who have expressed interest in leasing dark fiber. As of March 1, 2021, the new operator will be Onward which will cut annual expenses by over 50%. Onward is also an Internet Service Provider (ISP) who will begin providing Internet service to the business community. Staff anticipates that the FY 2020/2021 revenues will cover the revised FY 2020/2021 expenditure budget and in the year in a positive net income.

## INTERNAL SERVICE FUNDS

The Internal Service Funds are used to account for services and commodities furnished by designated funds of the City to user departments of the City.

- **Equipment Replacement Fund** is used to hold annual replacement payments from designated user departments and to use those funds to purchase equipment for general City purposes.
- **Equipment Maintenance & Fleet Services (EMFS) Fund** accounts for all activities of the City's central equipment maintenance operations, the costs of which are distributed among designated user departments.
- **Self-Insurance Fund** receives and disburses funds pertaining to the public liability and workers' compensation insurance programs. It also funds the Employee Disability (IOD) program for employee long-term work-related disabilities.
- **Central Stores** accounts for the timely purchase of needed materials, supplies and auto parts in advance of actual need. Departments are billed as items are issued for use.

OTHER MAJOR FUNDS EXPENDITURES					
DEPARTMENT	2019-20 EXPENDITURE AS OF 12/31/2019	2019-20 EXPENDITURE TOTAL	2020-21 EXPENDITURE AS OF 12/31/2020	2020-21 REVISED BUDGET TOTAL	2020-21 PROJECTED EXPENDITURES
Asset Replacement Fund	85,652	2,580,411	461,508	1,303,168	915,601
Equipment Maintenance/Fleet Svcs	4,375,374	9,413,522	3,887,310	8,193,994	7,470,997
Self Insurance Fund	4,478,786	5,630,729	5,592,345	8,516,989	9,553,459
Central Stores Fund	651,946	1,482,190	636,307	1,935,970	1,670,773
<b>TOTAL EXPENDITURES</b>	<b>\$ 9,591,758</b>	<b>\$ 19,106,853</b>	<b>\$ 10,577,470</b>	<b>\$ 19,950,121</b>	<b>\$ 19,610,830</b>

Table 5

### Equipment Replacement Fund

At mid-year, the Equipment Replacement Fund actual expenditures are \$461,500, or 35.9% of the revised budget. Currently there is \$915,000 encumbered for vehicles/equipment set to be received by the end of the year or in the early part of next fiscal year.

Due to the Covid-19 pandemic, vehicles up for replacement in FY 2020/2021 were carried over until next fiscal year. This allowed for a reduction in contribution from the General Fund for this fiscal year.

Equipment Replacement revenues, which are mainly the contributions from the various funds for replacement costs, will be fully recognized at year-end.

### Equipment Maintenance & Fleet Services (EMFS) Fund

The EMFS Fund mid-year expenditures are \$4.25 million, or 45.2% of the revised budget. The low percentage is mostly due to fuel expenditures in the amount of \$540,885 being 33.8% of revised budget appropriations at mid-year.

EMFS Fund revenues are on track to be fully realized at fiscal year-end. All expenditures will be covered to ensure this Fund continues to operate in a financially sound manner.

Self-Insurance Fund

The Self-Insurance Fund (SIF) regular expenditures at mid-year are \$5.6 million, or 65.7% of the revised budget. This fund exceeds 50% due to higher than estimated Liability Insurance Claims, higher personnel costs due to above average number of employees on IOD status and an increased number of unemployment insurance claims from part-time staff that were released due to the COVID-19 pandemic.

Revenues for the SIF Fund are mainly allocations from the various funds and are on track to be fully realized at fiscal year-end; however, an in-depth review will be performed on this fund in the next couple of months to ensure we meet the reserve percentage as stated in our financial policies. Any identified changes to allocations will be made during the FY 2021/2022 budget process.

Central Stores

The Central Stores Fund operations continue to be on track for FY 2020/2021. Continued streamlining of purchasing practices and policies has enabled the City to save time and money by centralizing various purchases.

## CONCLUSION

General Fund projections for FY 2020/2021 show total estimated revenues at \$107.4M, \$3.93M more than the current revised budget total. Finance Staff estimates that there is enough General Fund budget savings in salaries and O&M cost to absorb the \$1.1M in mid-year appropriation requests and to end the fiscal year within the total revised budget figure of \$126.85M. Table 6 summarizes the estimated FY 2020/2021 ending fund balance for the General Fund. Despite the significant reductions to the City's revenues due to COVID-19, staff has done an amazing job at maintaining the General Fund reserves.

	FY 2020/2021 Revised Budget	FY 2020/2021 Revised Budget w/ Mid-Year Adjustments
Total General Fund Revenues	103,468,413	107,400,485
Total Expenditures	(126,854,243)	(126,854,243)
<b>Estimated Net Income/(Loss)</b>	<b>(23,385,830)</b>	<b>(19,453,758)</b>
Fund Balance Per FY 2019/2020 CAFR	102,417,428	102,417,428
Current Year Net Income/(Loss)	(23,385,830)	(19,453,758)
<b>Estimated Ending Fund Balance as of FY 2020/2021</b>	<b>79,031,598</b>	<b>82,963,670</b>

Finance staff will continue to monitor the City's resources to ensure adequate funding for City services, public facilities, and infrastructure necessary to the community's present and future needs. This report should be considered in conjunction with the General Fund Financial Forecast, which takes a longer-term view of the City's financial position and is included as Attachment 3 of this report.