DATE: May 23, 2023

TO: Mayor and Council Members

FROM: Finance Department

SUBJECT: Fiscal Year 2022-23 Midyear Budget Review Report

RECOMMENDATION:
It is recommended that the Mayor and Council Members receive and file the attached Fiscal Year 2022-2023 Midyear Budget Review Report.

BACKGROUND:
As directed by City Manager, the midyear review has been prepared to provide a financial update and status of the City’s current fiscal year. The Budget Unit recently conducted a revenue and expenditure review of the first six months of Fiscal Year 2022-2023 (October 1, 2022 through March 31, 2023), which focused primarily on the City’s General Fund. In addition, the report provides status updates for Special Funds received and expended by the City of Inglewood operating departments during the same period.

On September 27, 2022, the Mayor and Council Members adopted the Fiscal Year 2022-2023 consolidated Annual Operating Budget, including projects, which projected total revenues of $201,806,396 and expenditures of $195,858,099, resulting in a General Fund operational fund balance of $5,948,297. The current General Fund Reserve as of September 30, 2022, is $101.1 million (unassigned, audited).

The Fiscal Year 2022-23 Budget was adopted with a planned General Fund appropriation of $195.9 million. Following adoption of the budget, the Mayor and Council Members approved additional appropriations for “carryovers” of $12.9 million from Fiscal Year 2021-2022, to support projects, and various programs and services. Although the carry-over expenses for encumbrances increased the expenditure budget, there is a designated reserve for encumbrance that offsets the expenses.

In addition to the carryover for encumbrances of $12.9 million, the Mayor and Council Members approved additional General Fund expenses for operations and projects totaling $925,130, thus reflecting a Fiscal Year 2022-23 General Fund Current Modified Budget of $209.7 million. Any expenses in excess of revenues will also be supported by the use of General Fund Reserves.

The Budget Division conducted formal in-person midyear departmental budget reviews this fiscal year. The process provided a more comprehensive review assessing and analyzing the operational revenues and expenditure obligations mostly focusing on the General Fund based on departments’ feedback in an effort to provide a more in-depth review of the Midyear financial projections to
estimate year-end. The information below provides a snapshot of the General Fund adopted, modified, and projected year-end budget estimates for revenues and expenditures.

In summary, General Fund revenues are estimated to be $205,978,838, and General Fund expenditures are estimated to be $187,916,778, resulting in a projected year-end balance of $18,062,060. Further assumptions could result in higher revenues and/or expenditures thus increasing or decreasing the available fund balance at year-end.

<table>
<thead>
<tr>
<th>General Fund</th>
<th>Carryover</th>
<th>FY2022-23</th>
<th>FY2022-23</th>
<th>Sept. 30, 2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adopted Budget</td>
<td>$10,831,647</td>
<td>$190,974,749</td>
<td>$195,858,099</td>
<td>$5,948,297</td>
</tr>
<tr>
<td>*Amended Budget</td>
<td>$191,250,593</td>
<td>$209,663,916</td>
<td>(18,413,323)</td>
<td></td>
</tr>
</tbody>
</table>

*(Includes addition of $13.8 million in Expenditures for carryover of prior year encumbrances and amendments). Amended budget does not include anticipated carryover of $10.8M in revenues.

**Projected at Mid Year**

| **Projected at Mid Year** | $205,978,838 | $187,916,778 | $18,062,060 |

**If at such time the deficit is realized at year-end, General Fund reserves will be used to support the deficit.**

DISCUSSION:
The Fiscal Year 2022-23 Midyear Budget Review Report focuses primarily on the City’s General Fund revenue and expenditure activities from October 2022 through March 2023, or 50 percent of the proportionate amount of the Fiscal Year 2022-23 General projected revenue and expenditures. General Fund revenues received through midyear totaled $118.4 million or 61.9 percent of the total annual projected revenues of 191.3 million. General Fund expenditures through March 31, 2023, totaled $79.2 million (not including pending encumbrances), or 37.8 percent of the total estimated expenditures of $209.7 million for Fiscal Year 2022-23.

Special Funds, including the Proprietary Funds revenues received through midyear, totaled $106.1 million or 46.5 percent of the total annual projected revenues of $228.4 million. Special Funds, including the Proprietary Funds expenditures through March 31, 2023, totaled $93.9 million (not including pending encumbrances) or 35.3 percent of the total estimated expenditures of $266.0 million for Fiscal Year 2022-23.

The attached Midyear Budget Review Report provides a detailed analysis and discussion on the status of General Fund revenues and expenditures and a brief update on Special Fund activities.

FINANCIAL/FUNDING ISSUES AND SOURCES:
The Mayor and Council Members may approve modifications to the City’s Annual Budget during the year to address matters of public concern.
DESCRIPTION OF ATTACHMENTS:
Attachment No. 1 - Midyear Budget Review Report

PREPARED BY:
Keauonna S. Buckhanon, Budget Manager

REVIEWED BY:
Artie Fields, City Manager

COUNCIL PRESENTER:
Keauonna S. Buckhanon, Budget Manager
APPROVAL VERIFICATION SHEET

DEPARTMENT HEAD APPROVAL: ____________________________
Sharon Koike, Assistant Finance Director

CITY MANAGER APPROVAL: ____________________________
Artie Fields, City Manager
ATTACHMENT NO. 1
City of Inglewood
Fiscal Year 2022-23
Midyear General Fund Budget Review

**PURPOSE**

The purpose of this report is to provide the Mayor, members of the City Council, and the public with information on the status and condition of the City’s General Fund and select Special Fund Budgets for the first six months (2nd Quarter/Midyear) of the City’s FY2022-23, which began October 1, 2022, and ended March 31, 2023. The review provides a baseline to forecast the estimated revenue and expenditures’ performance for the remainder of the fiscal year. The Midyear Report Review measures the City’s future revenue/expenditure performance based on percentage margins of the variance of actual revenues and expenditures against projected revenues and expenditures. The Midyear Report Review also compares the variance between the prior year (FY2021-22) and the current year actual revenues and expenditures.

**STATUS OF FY2022-23 GENERAL FUND ADOPTED BUDGET**

**SURPLUS PROJECTED FOR 2022-23 FISCAL YEAR:** On September 27, 2022, the City Council adopted FY2022-23 General Fund expenditures totaling $195,858,099 and General Fund revenues totaling $190,974,749 with a carryover of $10,831,647, totaling $201,806,396. The projected General Fund operational fund balance at the time of budget approval was $5,948,297. The current General Fund Reserve as of September 30, 2022, is $101.1 million (unassigned, audited).

The FY2022-23 Budget was adopted with a planned General Fund appropriation of $195.9 million. Following adoption of the budget, the City Council approved “carryovers” of $12.9 million from FY2022-23 for projects, programs, and services. Although the carry-over expenses for encumbered items increase the expenditure budget, there is a designated reserve to offset the expenses.

In addition to the carryover for encumbrances, the City Council approved additional General Fund operation expenses totaling $925,130, thus reflecting a FY2022-23 Current Modified General Fund Budget of $209.7 million. Any expenses in excess of revenues will also be supported by the use of General Fund Reserves.

**CURRENT OUTLOOK**

The Budget Division conducted formal in-person midyear departmental budget reviews this fiscal year. The process provided a more comprehensive review assessing and analyzing the operational revenues and expenditure obligations mostly focusing on the General Fund based on departments’ feedback in an effort to provide a more in-depth review of the Midyear financial projections to estimate year-end. The information below provides a snapshot of the General Fund adopted, modified, and projected year-end budget estimates for revenues and expenditures. In summary,
General Fund revenues are estimated to be $205,978,838; and General Fund expenditures are estimated to be $187,916,778, resulting in an operational fund balance of $18,062,060 projected at year-end. Further assumptions could result in higher revenues and/or expenditures thus increasing or decreasing the available fund balance at year-end.

<table>
<thead>
<tr>
<th>General Fund</th>
<th>Carryover</th>
<th>FY2022-23 Revenues</th>
<th>FY2022-23 Expenditures</th>
<th>Sept. 30, 2023 Ending Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adopted Budget</td>
<td>$10,831,647</td>
<td>$190,974,749</td>
<td>$195,858,099</td>
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*(Includes addition of $13.8 million in Expenditures for carryover of prior year encumbrances and amendments). Amended budget does not include anticipated carryover of $10.8M in revenues.

| **Projected at Mid Year** | $205,978,838 | $187,916,778 | $18,062,060 |

**If at such time the deficit is realized at year-end, General Fund reserves will be used to support the deficit.**

**FY2022-23 General Fund Revenue Summary by Category**

The City’s General Fund revenues are comprised of both State and local taxes, which combined account for nearly 76% or $145.9 million of the total budgeted revenues of $191.3 million. The remaining 24% is derived from department specific General Fund fees and Other Revenues. Midyear revenue data is based on actual revenue received during the period October 1, 2022, through March 31, 2023. It is important to note that while budget projections estimate certain levels of revenue receipts for Midyear, occasionally not all anticipated revenues are received.

Revenues supporting the General Fund are Property Taxes, Sales Taxes, State Collected Taxes, Admissions Tax, Utility Users Tax, Other Local Tax Revenue, and Other Revenue.

Chart 1, page 3, illustrates the projected budgeted amounts and representative proportion of the various taxes supporting the City’s General Fund. Amounts shown reflect the current budgeted annual amounts as approved by the Mayor and City Council for the City’s FY2022-23 General Fund Budget.
General Fund Midyear collections and statuses of these revenues reflect data received and reported for the first six months ending March 31, 2023, compared to the same period last fiscal year are as follows:

- **Property Taxes** - The County of Los Angeles levies a tax of 1 percent on the assessed valuation of property. The City of Inglewood receives approximately 14 percent of this 1 percent levy for properties located within the City. Property tax revenue is collected in December and April each year. According to the Los Angeles County Assessor’s Office, Inglewood experienced a net taxable value increase of 7.2% for FY2022-23. This increase is attributable to the increase in the assessed property values and the 2% Assessor applied California Consumer Price Index (CCPI) increase per Proposition 13. During the first two quarters of the fiscal year, the City received $25.7 million or 67.2% of the projected revenue estimate, which is $6.6 million or 34.3% higher than revenues collected in the same period last fiscal year.

- **Sales Taxes** - The City of Inglewood receives a 1 percent share of all taxable sales generated within the City’s limits, and in addition to this 1 percent share, the City receives a portion of an additional state-wide voter-approved half (½)% percent sales tax amount, which is dedicated for public safety purposes. Sales Tax receipts to date total $13.7 million or 54.2% of the total budgeted amount of $25.3 million. This is $1.1 million or 8.9% more than the same period last fiscal year. This increase is mainly attributed to the rising cost of goods, services, and gas fuel due to inflationary factors rather than increased
shopper demand. Ongoing construction projects also contribute increase boost receipts from the building construction sector.

**Motor Vehicle in Lieu tax** - The State Revenue and Taxation code imposes an annual license fee of 2 percent of the market value of motor vehicles in lieu of a local motor vehicle property tax. Each city's property tax in-lieu of VLF (VLF Adjustment Amount) grows at the same annual rate as the city's gross assessed property, but as with property taxes, sometimes the actual percent varies due to the county pool adjustments and other factors. These revenues, which mainly consist of the Motor Vehicle in Lieu tax, are anticipated to be $20.2 million this fiscal year. The revenues for Motor Vehicle in Lieu tax are received on a cyclical basis from the State in January and May of each fiscal year. To date, the City has received $10.4 million or 51.7% of the projected budget of $20.2 million which is $681,936 or 7% more than the same period last fiscal year.

**Admissions Taxes** - The City receives a share of all admissions sales generated within the City’s limits at any venue with a crowd capacity over one thousand persons. With regard only to venues with a seating capacity in excess of twenty-two thousand persons, the admissions tax imposed herein shall be equivalent to ten percent of the per person admission price for each event conducted in said venue. Receipts total $5.3 million or 33.0% of the total budgeted amount of $16.2 million. This is $7.3 million or 57.7% less than the same period last fiscal year. Although revenues in this category appear significantly lower than the prior year, this is due to a lag in adjustments in the prior year as opposed to the current year.

**Utility Taxes** - Utility User Tax (UUT) is a 10% charge on water, electricity, gas, and an 8% charge for cable, and telephone for residential and commercial usage. The City received $9.9 million or 67.3% of its projected revenue amounts in the first six months of the fiscal year. This amount is $2.1 million or 26.1% more than the amount collected for the same period last fiscal year. This is significantly higher due to receipts for electricity and a slight increase in gas and phone, correlated with higher demand and utility charges.

**Other Local Taxes** - These taxes include business license fees, card club revenues, transient occupancy tax, pari-mutuel taxes, franchise taxes, and admissions taxes among others. To date, receipts are $17.5 million or 56% of the projected budget, which is $1.8 million or 9.6% less than the same period last fiscal year. Although Other Local Taxes are collectively trending downward this is due to “non-residential construction” offset by increases in transient occupancy tax, business license fees, and parking tax, majority of the taxes in this category are up compared to the prior year same period.

**Other Revenues** - These include user fees collected by the various City departments. They also include parking and vehicle code violation fines and revenues from investment earnings and interest. To date, the City has received $35.8 million or 78.9% of the projected revenues, which is $22.9 million or 178.4% more than the same period last fiscal year. This increase results from inter-governmental revenue from the federal fund American Rescue Plan Act (ARPA), and revenue collected from Building and Planning Fees, Housing Protection Fees, and investment gains.

Table 1, page 5, illustrates the Midyear receipts for the General Fund, reflecting anticipated revenue proportionate of 50% of the projected budget or $95.6 million to date (October 2022
through March 31, 2023). Currently, the total revenues received are $118.4 million or 61.9% of the projected budgeted amounts. This amount is $24.2 million or 25.7% more than last fiscal year same period. The overall increase is attributed to Sales Tax, Utility Users Tax, Property Tax, and Other Revenues.

Table 1

<table>
<thead>
<tr>
<th>Revenue Category</th>
<th>FY2022-23 Revenue @ Midyear</th>
<th>FY2022-23 Actual Revenue @ Midyear</th>
<th>% Received @ Midyear</th>
<th>FY2021-22 Actual Revenue @ Midyear</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property Tax</td>
<td>38,217,408</td>
<td>25,687,960</td>
<td>67.2%</td>
<td>19,121,782</td>
</tr>
<tr>
<td>Sales Tax</td>
<td>25,338,356</td>
<td>13,728,344</td>
<td>54.2%</td>
<td>12,604,113</td>
</tr>
<tr>
<td>State Collected Taxes</td>
<td>20,214,552</td>
<td>10,448,027</td>
<td>51.7%</td>
<td>9,766,091</td>
</tr>
<tr>
<td>Admissions Tax</td>
<td>16,150,000</td>
<td>5,332,732</td>
<td>33.0%</td>
<td>12,621,694</td>
</tr>
<tr>
<td>Utility Users Tax</td>
<td>$14,775,000</td>
<td>$9,936,968</td>
<td>67.3%</td>
<td>$7,879,160</td>
</tr>
<tr>
<td>Other Local Tax Revenue</td>
<td>31,208,000</td>
<td>17,456,962</td>
<td>55.9%</td>
<td>19,304,410</td>
</tr>
<tr>
<td>Other Revenue</td>
<td>45,347,277</td>
<td>35,780,751</td>
<td>78.9%</td>
<td>12,852,771</td>
</tr>
<tr>
<td><strong>General Fund Total</strong></td>
<td><strong>$191,250,593</strong></td>
<td><strong>$118,371,744</strong></td>
<td><strong>61.9%</strong></td>
<td><strong>$94,150,021</strong></td>
</tr>
</tbody>
</table>


**FY2022-23 General Fund Expenditure Summary by Category**


Expenditures through March 2023 are $79.2 million or 37.8% of the current budget, which is $10.6 million or 15.5% more than the same period last fiscal year. The overall increase in General Fund expenditures in all functions below except Financing Cost resulted from negotiated wage and benefit increases for all bargaining units. Table 2, page 8, illustrates a preliminary six-month comparison of the Midyear of FY2022-23.

Chart 2, page 6, illustrates the City’s General Fund supported functions by percentage and amount of total General Fund appropriation.
General Fund Midyear expenditures and statuses of these expenditures reflect data received and reported for the first six months ending March 31, 2023, compared to the same period last fiscal year are as follows:

- **Police and Fire** - This category includes the Police Department and the Fire services contract with Los Angeles County. The expenditures for the Police Department are $40.3 million or 37.3% of the current annual budget of $108.2 million. This is $6.2 million or 18.2% more than the expenses incurred in the same period one year ago. The increase is attributable to negotiated wage and benefit increases and overtime related to reimbursable contract services. Expenses for the Los Angeles County Fire services are $10.7 million or 56.3% of the $19.0 million budgeted contract. This is $209,291 or 1.9% less than the expenses incurred in the same period one year ago.

- **General Government (Operating)** - Consist of the following offices, departments, or functional areas: Mayor and City Council, Treasurer, City Clerk, City Attorney, Administration, Human Resources, and Finance departments. The operating departments have expended $9.6 million or 36.2% of their current budget of $26.6 million. This is $1.1 million or 12.87% more than expenses incurred in the same period last fiscal year.

- **General Government (Non-Departmental)** - Consist of, but not limited to, non-departmental functions; Such as, payments for insurances, retiree health, Pension Obligation Bonds and, contractual services. To date, $38.5 million or 43.3% of the

*Finance Department-Budget Division*
$88.9 million has been expended. The increase of $9.4 million is due to an increase in
general liability, bond payments, and retirement costs. In addition to the non-
departmental functions, are the distribution of inter-fund transfers (reimbursements)
from operating departments for overhead and benefit related expenses. To date, $39.7
million or 42.4% has been collected through inter-fund transfers compared to $32.8
million in the same prior year period. The net difference between expenditures and
collections to date is $1.3 million. It is not uncommon for expenses and collections to
be imbalanced throughout the year and fully realized by year-end.

- **Parks, Recreation &Comm, Services** – This function includes all parks, recreation and
  community service events throughout the City. Expenditures are $4.8 million or 37.6%
of the current budget of $12.8 million. This is $842,531 or 21.2% more than the same
  period last fiscal year. In addition to negotiated wages and benefit increases, the
  increase also includes vacant positions being filled, and contract services related
  expenses.

- **Library Services**- This functional area consists of the Library Department.
  Expenditures are $1.8 million or 37.8% of the current budget of $4.8 million. This is
  $267,704 or 17.5% more than the same period last fiscal year.

- **Economic and Community Development** - These functional areas include Planning,
  Building and Safety, Code Enforcement operations, and Economic Development.
  Expenditures are $3.1 million or 31.2% of the current budget of $10.1 million. This is
  $229,651 or 7.9% more than the expenses incurred in the same period last fiscal year.

- **Housing Protection** - This functional area includes long-term and short-term rental
  housing services. Expenditures are $1.4 million or 34.5% of the current budget of $4.1
  million. This is $312,460 or 28.4% more than the expenses incurred in the same period
  last fiscal year. In addition to negotiated wages and benefit increases, increases are
  attributed to new hires related to the creation of the Short-Term Rental division of
  Housing Protection.

- **Public Works** - This function includes General Services, Facility Operations, Fleet
  Management, and various divisions of the Public Works Department. Expenditures are
  $6.6 million or 38.7% of the department’s $17.1 million current budget. This is
  $531,321 or 8.7% more than the expenses incurred in the same period one year ago. In
  addition to negotiated wages and benefit increases, increase is due to vacant positions
  being filled, and contract services related expenses.

- **Financing Costs** - This section represents the annual debt service payments due on the
  City’s Joint Power Authority 2019 Lease Revenue bonds. The bond payment for this
  fiscal year is estimated to be $2.5 million. Debt service costs are anticipated to equal
  the budgeted amount. Per the bond instructions, payments are due in August of each
  fiscal year. To date, the expenditures for the first six months on the Bond are $449,869
  or 17.8% compared to $472,995 which is slightly lower due to a lowered interest
  payment.
Table 2

<table>
<thead>
<tr>
<th>Expenditure Category</th>
<th>FY2022-23 Expense Budget</th>
<th>FY2022-23 Actual Expenses @ Midyear</th>
<th>% Expended @ Midyear</th>
<th>FY2021-22 Actual Expenses @ Midyear</th>
</tr>
</thead>
<tbody>
<tr>
<td>Police and Fire</td>
<td>$127,239,078</td>
<td>$51,053,289</td>
<td>40.1%</td>
<td>$45,040,591</td>
</tr>
<tr>
<td>General Government</td>
<td>21,699,194</td>
<td>8,340,819</td>
<td>38.4%</td>
<td>4,730,684</td>
</tr>
<tr>
<td>Parks, Rec/Library Svcs.</td>
<td>17,566,935</td>
<td>6,620,714</td>
<td>37.7%</td>
<td>5,510,479</td>
</tr>
<tr>
<td>Community Dev./Housing</td>
<td>14,144,092</td>
<td>4,545,015</td>
<td>32.1%</td>
<td>4,002,904</td>
</tr>
<tr>
<td>Protection</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public Works</td>
<td>17,147,737</td>
<td>6,627,337</td>
<td>38.6%</td>
<td>6,096,016</td>
</tr>
<tr>
<td>Financing Costs</td>
<td>2,527,056</td>
<td>449,869</td>
<td>17.8%</td>
<td>472,995</td>
</tr>
<tr>
<td>Capital Improvement Projects</td>
<td>9,339,824</td>
<td>1,583,288</td>
<td>17.0%</td>
<td>2,742,336</td>
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<tr>
<td>General Fund Total</td>
<td>$209,663,916</td>
<td>$79,220,331</td>
<td>37.8%</td>
<td>$68,596,004</td>
</tr>
</tbody>
</table>


As a cautionary note, fluctuations in expenditures are expected, because of cyclical and seasonal expenditures in Public Works and Parks, Recreation and Library Services departments.

**FY2022-23 Special Fund Revenues and Expenditures by Category**

Special Funds are generally established by a government agency to collect money that must be used for specific purposes and/or projects. These funds provide an extra level of accountability and transparency for taxpayers that their tax dollars will go towards an intended purpose. The following highlights Special Fund Revenues and Expenditures by category:

- **Special Revenue** - This category consists of the following: Measure IT, Gas Tax, State Gas Tax SB1 (RMRA), Proposition A, Proposition C, Measure M, Measure M- Capital Projects, Measure R, Measure R- Inglewood Transit Connector, Measure W, Special Assessment, Transportation Impact Fee, American Rescue Plan Act (ARPA), Community Development Block Grant (CDBG), Grants, Affordable Housing, Housing, and Residential Sound Insulation, and Landside Access Modernization Program (LAMP) funds. Revenues are $70.7 million or 43.3%, and expenditures are $69.1 million or 36% of the current budget. Overall, special revenue funds have seen an increase of $39.4 million or 125.8% in revenues and an increase of $36.4 million or 111.5% in expenditures over the same period one year ago. These revenue and expenditure variances are attributed to varying activity levels related to Measure IT support for vital city services, American Rescue Plan Act (ARPA) transfer in/out support for the General Fund, Community Development Block Grant (CDBG), Measure R-Inglewood Transit Connector, and Residential Sound Insulation project activity.

- **Affordable Housing/Housing Authority**: Revenues are $9 million or 42.6% of the current budget of $21.2 million, and expenses are $9.7 million or 45.3% of
the current budget of $21.6 million. The overall activity is relatively flat and attributed to various new housing programs such as Veteran’s Affairs Supportive Housing, and Mainstream Non-Elderly Disabled.

- **Grants**: Revenues are $346,756 or 20.2% of the current budget of $1.7 million, and expenditures are $50,696 or 2.4% of the current budget of $2.1 million. Revenues have decreased by $327,667 or 48.6% and expenditures have also decreased by $295,841 or 85.4%, compared to the prior year same period. The revenue and expenditure change in the Cares Act Grant. The revenues and expenditures vary throughout the fiscal year, based on the program activity and drawdowns.

- **CDBG**: Revenues are $1.6 million or 27.2% of the current budget of $6.1 million and expenditures are $798,166 or 12.7% of the current budget of $6.3 million. Revenues have increased by $1.6 million or 2600.5% and expenditures have decreased by $172,299 or 17.8%, compared to the prior year same period. The increase in revenue is attributed to more HOME and CDBG drawdowns by midyear compared to the prior year same period; the decrease in expenditures is relatively flat. The revenues and expenditures vary throughout the fiscal year based on the program activity and drawdowns. CDBG programs are on track to end the year within budget.

- **Residential Sound Insulation**: Revenues are $4.7 million or 64.5% of the current budget of $7.2 million and expenditures are $5.7 million or 33.4% of the current budget of $17.2 million. Revenues have increased by $2.1 million or 85% and expenditures have also increased by $2.8 million or 96.3%, compared to the prior year same period. This is primarily due to an increase in project activity. The revenues and expenditures vary throughout the fiscal year based on the project activity and grant funding.

- **Proprietary** - This category includes Sanitation, Sewer, Parking, and Water. To date, revenues are $22.8 million or 45.2%, and expenditures are $21.5 million or 35.9% of the current budget. Overall Proprietary Funds have experienced an increase in revenues of $1.4 million or 6.3% and a $2.6 million or 13.7% increase in expenditures during the same period last fiscal year. Revenues in parking and sanitation have increased significantly and are slightly offset by water during this period. The increase in expenditures is mainly attributed to the Sanitation Fund and the Water Fund.

- **Water Funds**
  Revenues - Received $9.7 million or 40.1% of budget, compared to $10.2 million last fiscal year same period. This resulted in a decrease of $525,053 or 5.2%. This decrease is primarily due to receipts from lower water usage as a result of the rainy season.

  Expenditures- Expended $8.9 million or 33.1% of budget, compared to $7.7 million last fiscal year same period. This is $1.2 million or 15.2%, more than the same period last fiscal year. This increase is due to ARPA-funded water projects.
Sanitation Fund
Revenues- Received $9 million or 48.7%, of budgeted revenues compared to $8.2 million same period last fiscal year. This resulted in an increase of $891,330 or 10.9%. This increase is related to a rise in receipts for refuse collection and a newly awarded recycling grant.

Expenditures- Expended $8.4 million or 40.9%, compared to $7 million, last fiscal year same period. This is $1.4 million or 19.2% more than the same period last fiscal year. This increase is due to contract services expenditures related to refuse fees with the heightened activity around the new entertainment district and other new development.

Sewer Fund
Revenues- Received $1.5 million or 43.5%, of budgeted revenues compared to $1.5 million same period last fiscal year. Revenues remained relatively flat with a slight decrease in Sewer Connection Fees, these are collected on an as-needed basis.

Expenditures- Expended $1.4 million or 37.9%, compared to $1.1 million, last fiscal year same period. This is $287,031 or 25.5% more than the same period last fiscal year. This increase is due to contract services expenditures and an increase in personnel services resulting from negotiated wage and benefit increases for all bargaining units.

Parking Fund
Revenues- Received $2.6 million or 59%, of budgeted revenues compared to $1.6 million same period last fiscal year. This resulted in an increase of $1 million or 66%. This increase is mainly attributed to Parking Fines Direct Collection and Reimbursable Traffic Services revenue related to the Forum and SoFi Stadium.

Expenditures- Expended $2.8 million or 32%, compared to $3 million, last fiscal year same period. This is $226,143 or 7.6% less than the same period last fiscal year. This decrease is primarily due to capital improvement program expenses related to the Permit Parking Signage Program which had more activity midyear the prior year than the current year.

Debt Service - This category includes the debt service for the Pension Obligation Bond and the Joint Power Authority Bond. The total debt service costs are $14.5 million for both the Joint Power Authority Lease Revenue Bond and the Pension Obligation Bond. Per the bond instructions, payments are due in March and September for the Pension Obligation Bonds. The expenditures for Midyear are $3.9 million.

Tables 3 and Table 4, Page 11, illustrate the Midyear revenue and expenditures for the Special Funds through March 2023.
Table 3

<table>
<thead>
<tr>
<th>Special Fund Category</th>
<th>FY2022-23 Revenue @ Midyear</th>
<th>FY2022-23 Actual Revenue @ Midyear</th>
<th>% Received @ Midyear</th>
<th>FY2021-22 Actual Revenue @ Midyear</th>
</tr>
</thead>
<tbody>
<tr>
<td>Special Revenue</td>
<td>$163,334,294</td>
<td>$70,697,391</td>
<td>43.3%</td>
<td>$31,315,736</td>
</tr>
<tr>
<td>Internal Service</td>
<td>-</td>
<td>50</td>
<td>0.0%</td>
<td>-</td>
</tr>
<tr>
<td>Proprietary</td>
<td>50,496,679</td>
<td>22,805,209</td>
<td>45.2%</td>
<td>21,445,880</td>
</tr>
<tr>
<td>Debt Service</td>
<td>14,532,388</td>
<td>12,606,317</td>
<td>86.7%</td>
<td>7,422,919</td>
</tr>
<tr>
<td><strong>Special Fund Total</strong></td>
<td><strong>$228,363,361</strong></td>
<td><strong>$106,108,967</strong></td>
<td><strong>46.5%</strong></td>
<td><strong>$60,184,536</strong></td>
</tr>
</tbody>
</table>


Table 4

<table>
<thead>
<tr>
<th>Special Fund Category</th>
<th>FY2022-23 Expense Budget</th>
<th>FY2022-23 Actual Expenses @ Midyear</th>
<th>% Expended @ Midyear</th>
<th>FY2021-22 Actual Expenses @ Midyear</th>
</tr>
</thead>
<tbody>
<tr>
<td>Special Revenue</td>
<td>$191,667,241</td>
<td>$69,064,075</td>
<td>36.0%</td>
<td>$32,647,138</td>
</tr>
<tr>
<td>Internal Service</td>
<td>3,044</td>
<td>(547,807)</td>
<td>-17996.3%</td>
<td>(125,131)</td>
</tr>
<tr>
<td>Proprietary</td>
<td>59,747,938</td>
<td>21,462,150</td>
<td>35.9%</td>
<td>18,872,065</td>
</tr>
<tr>
<td>Debt Service</td>
<td>14,532,388</td>
<td>3,933,777</td>
<td>27.1%</td>
<td>3,955,209</td>
</tr>
<tr>
<td><strong>Special Fund Total</strong></td>
<td><strong>$265,950,611</strong></td>
<td><strong>$93,912,195</strong></td>
<td><strong>35.3%</strong></td>
<td><strong>$55,349,282</strong></td>
</tr>
</tbody>
</table>


Capital Improvement Projects (CIP)

The FY 2022-23 Capital Improvement Projects budget approved by the Mayor and City Council provided an adopted budget of $48.9 million. The FY2022-23 total appropriation is $133 million for capital improvement projects. Of this amount, a total of $9.3 million is appropriated to the General Fund. The increase in appropriation is due to budget amendments in the amount of $35.7 million for additional contracts and carryovers of $48.4 million, both mostly related to the Transit Connector Project. At Midyear, a total of $34.9 million or 26.2% has been expended on Capital Improvement Projects. Of this amount, a total of $1.6 million or 17% has been expended from the General Fund, compared to $2.7 million for the same period last fiscal year. Capital Improvement Project revenues and expenditures vary and reflect various activities throughout the year.
As of Midyear, fifty-two projects are active, with forty projects under construction and twelve projects in design. Refer to Table 5, below, for a CIP financial summary and a summary of project status by category.

Table 5

<table>
<thead>
<tr>
<th>CIP Financial Summary</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>*Current Appropriations</td>
<td>$133 Million</td>
</tr>
<tr>
<td>*YTD Expenditures</td>
<td>$34.9 Million</td>
</tr>
<tr>
<td>*YTD Encumbrances</td>
<td>$53.6 Million</td>
</tr>
</tbody>
</table>

Expenditures as a Percentage of Appropriations 26.2%
Encumbrances as a Percentage of Appropriations 40.3%

*Excludes Successor Agency, RSI, and Advanced Funds

---

<table>
<thead>
<tr>
<th>Capital Improvement Projects Status by Category</th>
<th>Active Projects</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Projects in Construction</td>
</tr>
<tr>
<td>CIP Project Categories</td>
<td></td>
</tr>
<tr>
<td>Facilities</td>
<td>5</td>
</tr>
<tr>
<td>Parks &amp; Open Spaces</td>
<td>6</td>
</tr>
<tr>
<td>ADA Construction</td>
<td>1</td>
</tr>
<tr>
<td>Sidewalks &amp; Walkways</td>
<td>0</td>
</tr>
<tr>
<td>Transit Stop Improvements</td>
<td>3</td>
</tr>
<tr>
<td>Streets and Roadways</td>
<td>9</td>
</tr>
<tr>
<td>Water System Improvements</td>
<td>7</td>
</tr>
<tr>
<td>Sewer System Improvements</td>
<td>3</td>
</tr>
<tr>
<td>Street Lighting &amp; Roadway Safety</td>
<td>5</td>
</tr>
<tr>
<td>Public Safety</td>
<td>1</td>
</tr>
<tr>
<td>Totals</td>
<td>40</td>
</tr>
</tbody>
</table>

Finance Department-Budget Division
CONCLUSION

The Midyear Budget Review report provides a snapshot of the City's current operational picture to inform the Mayor, City Council, and the public of the budgetary status of the City's finances through the Midyear (October 1, 2022, through March 31, 2023) of the current fiscal year. The City's operational revenues are over the proportionate budgeted amounts and expenses are below based on the total budget at Midyear. Staff will continue to use the feedback received from the Mayor and City Council to manage the FY2022-23 General Fund Budget.