DATE: June 4, 2019

TO: Mayor and Council Members

FROM: Finance Department

SUBJECT: Fiscal Year 2018-19 Mid-Year Budget Review Report

RECOMMENDATION:
It is recommended that the Mayor and Council Members receive and file the attached Fiscal Year 2018-19 (FY2018-19) Mid-Year Budget Review Report.

BACKGROUND:
As directed by the City Manager, the Mid-Year review has been prepared to provide an update and status of the City’s current fiscal year financial status. The Budget Unit recently conducted a revenue and expenditure review of the first half of FY2018-19 (October 1, 2018 through March 31, 2019), 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, as well as the status of Capital Improvement Projects (CIP).

On September 25, 2018, the Mayor and City Council Members adopted the Fiscal Year 2018-2019 (FY2018-19) consolidated Annual Operating Budget including projects, which projected total revenues of $128,072,451 and expenditures of $128,016,272, resulting in a General Fund operational surplus of $56,179.

The FY2018-19 Budget was adopted with a planned General Fund appropriation of $128.0 million. Following adoption of the budget, Council approved additional appropriations for certain programs and services from “carryovers” of $4.0 million from Fiscal Year 2017-2018. Although the carry-over expenses for encumbrance’s increases the expenditure budget, there is a designated reserve for encumbrance (revenues) that offsets the expenses.

In addition to the carryover for encumbrances, City Council approved additional General Fund expenses for operations and projects totaling $4,081,352, thus reflecting a FY2018-19 Current Modified Budget for the General Fund of $136,083,617.

DISCUSSION:
The FY2018-19 Mid-Year Budget Review Report focuses primarily on the City’s General Fund revenue and expenditure activities from October 2018-March 2019, or 50 percent of the proportionate amount of the FY2018-19 General projected revenue and expenditures. General Fund revenues received through the first six months totaled $65.2 million, or 51.0 percent, of the total annual projected revenues of $128.0 million. General Fund expenditures through March 31,
2019, totaled $52.8 million (not including pending encumbrances) or 38.8 percent of the total estimated expenditures of $136.1 million for FY2018-19.

Special Fund revenues received through the first six months totaled $47.3 million, or 42.0 percent, of the total annual projected revenues of $111.9 million. Special Fund expenditures through March 31, 2019, totaled $47.9 million (not including pending encumbrances) or 32.0 percent of the total estimated expenditures of $148.2 million for FY2018-19.

The attached Mid-Year 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, and CIP activity.

FINANCIAL/FUNDING ISSUES AND SOURCES:
The Mayor and the Council Members may approve modifications to the City’s Annual Budget during the year to address matters of public concern.

LEGAL REVIEW VERIFICATION: 
Administrative staff has verified that the legal documents accompanying this report have been submitted to, reviewed and approved by the Office of the City Attorney.

FINANCIAL REVIEW VERIFICATION: 
Administrative staff has verified that this report in its entirety, has been submitted to, reviewed and approved by the Finance Department.

DESCRIPTION OF ATTACHMENTS:
Mid-Year Budget Review Report
APPROVAL VERIFICATION SHEET

PREPARED BY:
David L. Esparza, Assistant City Manager & CFO
Keauonna S. Buckhanon, Acting Budget Manager

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Keauonna S. Buckhanon, Acting Budget Manager

DEPARTMENT HEAD &
ASSISTANT CITY MANAGER APPROVAL:
David L. Esparza, Asst. City Manager & CFO

CITY MANAGER APPROVAL:  Artie Fields, City Manager
Purpose

The purpose of this report is to provide the Mayor, Council Members, and public, information on the status and condition of the City’s General Fund and select Special Fund Budgets for the first six months (Mid-Year) of the City’s FY2018-19 Budget, which began October 1, 2018, and ended March 31, 2019. It is important to note that the Mid-Year report is, first, a “barometer” for the City’s General Fund and select Special Funds budget performance during the first six months of FY2018-19 and, second, a means of forecasting the performance for the remainder of the fiscal year. The Mid-Year report review determines the City’s performance based on percentage margins of the variance of actual revenues and expenditures against projected revenues and expenditures.

Status of FY2018-19 Adopted Budget


Current Outlook

The FY2018-19 Budget was adopted with a planned General Fund appropriation of $128.0 million. Following adoption of the budget, Council approved additional appropriations for certain programs and services from “carryovers” of $4.0 million from Fiscal Year 2017-2018. Although the carry-over expenses for encumbrance’s increases the expenditure budget, there is a designated reserve for encumbrance (revenues) that offsets the expenses.

In addition to the carryover for encumbrances, City Council approved additional General Fund expenses for operations and projects totaling $4,081,352, thus reflecting a FY2018-19 Current Modified Budget for the General Fund of $136,083,617.

FY2018-19 General Fund Revenue Summary by Category

The City’s General Fund revenues are comprised of both state and local taxes, which when combined account for nearly 80%, or $101.7 million of the total budgeted revenues of $128 million. The remaining 20% is derived from department specific General Fund fees and Other Revenues. Mid-Year revenue data is based on actual receipts collected during the period October 1, 2018, through March 31, 2019. It is important to note that while budget projections estimate certain levels of revenue receipts for Mid-Year, occasionally not all anticipated revenues are received. Data collected for the Mid-Year Budget analysis, and forward projections are primarily based on actual data and receipts collected for the first six months of FY2018-19. However, there is no assurance these projections will actually continue through the remainder of the fiscal year.
Revenues supporting the General Fund are the Utility Users Tax, Property Taxes, Sales Tax, Other Local Taxes, State Collected Taxes and Other Revenues.

Chart 1, below, 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 Mayor and City Council for the City's FY2018-19 General Fund Budget.

Chart 1

**FY2018-19 General Fund Projected Revenues**

- **Other Revenues**, $26,452,236, 21%
- **Utility Users Tax**, $14,989,000, 12%
- **Property Tax**, $18,195,799, 14%
- **Sales Tax**, $15,429,000, 12%
- **State Collected**, $12,102,927, 9%
- **Other Local Tax Revenues**, $40,903,489, 32%

Mid-Year collections and statuses of these General Fund supporting revenues are listed below. The revenue data received and reported for the Mid-Year ending March 31, 2019 (October 1, 2018 through March 31, 2019) and compared to the Mid-Year ending same period last fiscal year is as follows:

- **Utility Taxes** - Utility User Tax (UUT) is a 10% charge on water, electric, and gas, and 8% charge for cable, and telephone for residential and commercial usage. The City received $6.9 million, or 46.3% of its projected revenue amounts. This amount is $198,254, or 2.8% less than the amount collected for the same period last fiscal year. The decrease is primarily attributed to a slight decrease in water utility and telephone revenue.

- **Property Taxes** - 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 6.1% for FY2018-19. 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. The City received $12.8 million, or 70.2%, of

*Finance Department-Budget Division*
the projected revenue estimate, which is $2.6 million, or 25.1%, higher than revenues collected in the same period last fiscal year. The significant increase is attributed to the return of the pension override tax to the city.

- **Sales Taxes**- Sales Tax receipts total $10.3 million, or 66.6% of the total budgeted amount of $15.4 million. This is $1.7 million, or 20.4% higher than the same period last fiscal year. The increase is primarily attributed to increased trends in building/construction, fuel prices, and a rise in direct-to-consumer spending from online sales.

- **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 $15.3 million, or 37.5%, of the projected budget, which is $702,278, or 4.4% less than the same period one year ago. Though most all local taxes are experiencing an increase, the net decrease is largely attributed to non-resident construction tax trending significantly less than the same period last fiscal year.

- **State Collected Taxes**- These revenues, which mainly consist of the Motor Vehicle in Lieu tax, are anticipated to be $12.1 million this fiscal year. To date the City has received $6.4 million, or 53.0% of the anticipated revenues, which is $578,306 more than last fiscal year same period. The revenues for Motor Vehicle in Lieu are received on a cyclical basis from the State in January and May of each fiscal year.

- **Other Revenues**- These include user fees, such as planning and permit 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 $13.4 million, or 50.8%, of the projected revenues, which is $7.9 million, or 143%, more than the same period last fiscal year. This increase is attributable to various revenues within this category, such as development fees, investment earnings and interest, planning and permit fees, and police reimbursement fees.

The Table 1, next page, illustrates the first half receipts for the General Fund, which has anticipated revenue proportionate of 51% of the projected budget, or $65.2 million, for the first half of the fiscal year (October 2018 through March 31, 2019).
Table 1

<table>
<thead>
<tr>
<th>Revenue Category</th>
<th>FY2018-19 Revenue Budget</th>
<th>FY2018-19 Actual Revenue @ Mid-Year</th>
<th>Percent Received @ Mid-Year</th>
<th>FY2017-18 Actual Revenue @ Mid-Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Utility Users Tax</td>
<td>$14,989,000</td>
<td>$6,934,466</td>
<td>46.3%</td>
<td>$7,132,719</td>
</tr>
<tr>
<td>Property Tax</td>
<td>18,195,799</td>
<td>12,778,003</td>
<td>70.2%</td>
<td>10,216,837</td>
</tr>
<tr>
<td>Sales Tax</td>
<td>15,429,000</td>
<td>10,282,788</td>
<td>66.6%</td>
<td>8,541,856</td>
</tr>
<tr>
<td>State Collected Taxes</td>
<td>12,102,927</td>
<td>6,413,637</td>
<td>53.0%</td>
<td>5,835,331</td>
</tr>
<tr>
<td>Other Local Tax Revenue</td>
<td>40,903,489</td>
<td>15,346,484</td>
<td>37.5%</td>
<td>16,048,762</td>
</tr>
<tr>
<td>*Other Revenue</td>
<td>26,452,236</td>
<td>13,439,303</td>
<td>50.8%</td>
<td>5,534,797</td>
</tr>
</tbody>
</table>

General Fund Total $128,072,451 $65,194,681 50.9% $53,310,301

*Note: Pension Obligation Bond (POB) reimbursement to the City ($36.5 million) excluded from Other Revenue in Table 1 above to normalize the revenue activity through Mid-Year.

In addition, Table 1 above, provides the proportionate amount of revenues received in October through March tracking slightly above the proportionate budget amounts (51% vs. 50%) and, for the Mid-Year, are in excess of the anticipated amount of $64.0 million compared to $65.2 million.

**FY2018-19 General Fund Expenditure Summary by Category**

The City’s General Fund FY2018-19 expenditures are comprised of seven major municipal functions: Public Safety (Police and Fire operations), General Government, Parks Recreation and Libraries, Community and Economic Development, Public Works, Public Financing and Capital Improvement Projects. During the 1st half budget variance analysis, potential savings are identified and discussed, however, with the completion of half of the City’s fiscal year, it is too early to characterize full fiscal year trends from current expenditure data.

The FY2018-19 Budget was adopted with a planned appropriation for the General Fund of $128.0 million. Following adoption of the budget, the City Council approved additional appropriations for various programs, services, and carryovers from FY2018-19 of $8.1 million, thus increasing the current budget to $136.1 million. Expenditures through March 2019 are $52.8 million, or 38.8%, of the current budget, which is approximately $15.3 million less than anticipated spending for the first six months of the fiscal year. As Table 2, page 7, illustrates, a preliminary six month comparison of the Mid-Year of FY2018-19 shows expenditures are $2.3 million, or 4.0%, less than the same period last fiscal year.

Chart 2 illustrates, the City’s General Fund supported functions by percentage and amount of total General Fund appropriation.

Finance Department-Budget Division
The major General Fund expenditure functions for Mid-Year collections and statuses of these General Fund supporting expenditures are listed below. The expenditure data received and reported for the first half ending March 31, 2019 (October 1, 2018 through March 31, 2019) and compared to the Mid-Year ending same period last fiscal year is as follows:

- **Police and Fire**: This category includes all of the Police Department and the Fire services contract with Los Angeles County. The first half expenditures for the Police Department are $31.5 million, or 47.6%, of the current annual budget of $66.2 million. Expenses through the first half for the Los Angeles County Fire services are $8.1 million, or 53.9%, of the $14.9 million budgeted contract. Police and Fire expenditures combined are $1.5 million, or 4.1%, more than the same period last fiscal year. The increase is mostly attributed to Police personnel costs associated with overtime, standby and forum-inside pay, filled sworn positions that were previously vacant, as well as increased contract services, special expenses, and one-time expenditures. In addition, there was an increase in the Fire Services contract with Los Angeles County. The combined expenditures for Police and Fire services are 48.8% compared to the proportioned annual budget of 50.0%. Although police and fire are on track to spend within budget, the increased expenses in overtime and standby pay will be supported by vacancy savings until filled and the forum-inside pay will be supported by police special services-forum revenue.

- **General Government (Operating)**: Consist of the following offices, departments, or functional areas: Mayor and City Council, Treasurer, City Clerk, Legal Department, Administration, Human Resources and Finance departments. The operating
departments have expended $8.4 million, or 44.3% of their current budget of $18.8 million. This is $627,468, or 8.1%, higher than expenses incurred in the same period last fiscal year. The increase is mostly attributable to personnel related expenses and increased contract services for facilities.

- **General Government (Non-Departmental)** - Consist of non-departmental functions, such as insurances, inter-fund transfers and, debt service. The net of expenditures through March 31, 2019, are -$1.4 million, which include, but not limited to payments for retiree health, Pension Obligation Bonds and, the distribution of inter-fund transfers (reimbursements) from operating departments for overhead and benefit related expenses.

- **Recreation/Parks and Library** - Recreation, Parks and Community Services Department expenditures for Mid-Year are, $3.4 million, or 45.8%, of the current budget of $7.3 million. This is $113,497, or 3.5%, more than mid-year same period last fiscal year. The Library Department expenditures for mid-year are, $1.8, or 42.0%, of the current budget of $4.2 million. This is $184,476, or 11.7%, more than the same period last fiscal year. The increase for both departments is mostly attributed to the personnel related expenses for increases in minimum wage for part-time and full-time staffing.

- **Economic and Community Development** - This functional area includes the Planning, Building and Safety, Code Enforcement operations and Economic Development. Expenditures are $2.5 million, or 41.5% of the current budget of $6.0 million. This is $98,788, or 4.2%, more than the expenses incurred in the same period last fiscal year. The increase is primarily due to personnel related expenses.

- **Public Works** - This function includes General Services, Facility Operations and Fleet Management, as well as, various divisions of the Public Works Department. Expenditures are $4.7 million, or 36.4%, of the department’s $12.8 million current budget. This is $635,010, or 15.8%, more than the expenses incurred in the same period one year ago. The increases in expenses are attributable to personnel related expenses and a slight increase in capital outlay (machinery and equipment).

- **Financing Costs** - This section represents the annual debt service payments due on the City’s 2012 Civic Center bonds. The bond payment for this fiscal year was estimated to be $2.9 million. However, the City anticipates a decrease of 2,421,291 or modified budget of $477,947 for the operating transfer out from the General Fund to the Civic Center Bond in support of the payment.

Table 2, below, illustrates the expenditures for the General Fund functional areas through the first half of the fiscal year, which is compared against an anticipated target of 50% of the approved budget or $68.0 million. To date total expenditures are $52.7 million (not including pending encumbrances), or 38.8%, of the current total annual budget of $136.0 million. The current amended budget includes $4.0 million in prior-year encumbrances that were “carried-over” from FY2017-18, in addition to $4.1 for various programs, services and projects. The encumbrances are distributed across expenditure categories based on existing department-specific contracts and obligations and, therefore, are not shown as distinct revenue and expenditure categories.
Table 2

<table>
<thead>
<tr>
<th>Expenditure Category</th>
<th>FY2018-19 Expense Budget</th>
<th>FY2018-19 Actual Expenses @ Mid-Year</th>
<th>Percent Expended @ Mid-Year</th>
<th>FY2017-18 Actual Expenses @ Mid-Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Police and Fire</td>
<td>$81,145,676</td>
<td>$39,579,850</td>
<td>49%</td>
<td>$38,035,135</td>
</tr>
<tr>
<td>General Government</td>
<td>17,343,577</td>
<td>(1,383,057)</td>
<td>-8%</td>
<td>1,016,481</td>
</tr>
<tr>
<td>Parks, Rec and Library Svs</td>
<td>11,547,695</td>
<td>5,127,759</td>
<td>44%</td>
<td>4,829,785</td>
</tr>
<tr>
<td>Community Development</td>
<td>5,974,466</td>
<td>2,477,732</td>
<td>41%</td>
<td>2,378,944</td>
</tr>
<tr>
<td>Public Works</td>
<td>12,801,121</td>
<td>4,659,235</td>
<td>36%</td>
<td>4,024,225</td>
</tr>
<tr>
<td>Financing Costs</td>
<td>2,899,238</td>
<td>178,350</td>
<td>6%</td>
<td>238,744</td>
</tr>
<tr>
<td>Capital Improvement Projects</td>
<td>4,371,844</td>
<td>2,130,628</td>
<td>49%</td>
<td>4,509,425</td>
</tr>
<tr>
<td><strong>General Fund Total</strong></td>
<td>$136,083,617</td>
<td>$52,770,497</td>
<td><strong>38.8%</strong></td>
<td>$55,032,738</td>
</tr>
</tbody>
</table>

In addition, Table 2 above, provides the proportionate amount of expenditures expended in October through March tracking below the proportionate budget amounts (39% vs. 50%) and, for mid-year, are fairly lower than the anticipated amount of $68.0 million compared to $52.7 million.

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.

**FY2018-19 Special fund revenues and Expenditures by category**

Special Funds are generally established by a government agency to collect money that must be used for a 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 consist of the following: Gas Tax, State Gas Tax SB1 (RMRA), Proposition A, Proposition C, Measure M, Measure R, Special Assessment, Community Development Block Grant (CDBG), Grants, Affordable Housing, Housing, and Residential Sound Insulation, and Landside Access Modernization Program (LAMP) funds.
  - **Gas Taxes/Propositions/Measures (State Funds):** Revenues at the end of the first half are $6.0 million, or 26.0%, and expenses are $5.2 million, or 14.4%, of the current budget.
  - **Affordable Housing/Housing Authority:** Revenues at the end of the first half are $7.2 million, or 50.6%, and expenses are $7.8 million, or 50.8%, of the current budget.
  - **Grants and CDBG:** Revenues at the end of the first half are $886,392, or 10.6%, and expenditures are $1.2 million, or 14.8%, of the current budget.
- **Residential Sound Insulation**: Revenues at the end of the first half are $4.0 million, or 80.9% and expenses are $5.2 million, or 41.7% of the current budget. Overall, special revenue funds have seen an increase of $5.1 million, or 24.8%, in revenues, and $1.4 million, or 5.4% increase in expenditures over the same period one year ago. This increase is mostly attributed to increased activity related to contract services and various Public Works transportation, streets and roadways capital improvement projects. Grants and CDBG programs are on track to end the year within budget.

- **Proprietary**: This category includes Sanitation, Sewer, Parking, and Water. The first half of the fiscal year receipts show $1.3 million, or 6.2%, decrease in proprietary fund revenues over the same period one year ago. The first half of the fiscal year expenditures are $1.0 million, or 5.4% more than last fiscal year same period. The overall decrease in Proprietary revenues is mostly attributed to Water and Parking funds, and the increase in expenditures is mostly attributed to Water, Sewer and Sanitation.

- **Water Funds**
  Revenues- Water Fund received revenues of $7.8 million compared to $8.7 million last fiscal year same period. The decrease of $985,965 or 11.2% less, is attributed to decrease in recycled, commercial, residential and municipal water sales.

  Expenditures- Water Fund expended 10.2 million, compared to $9.6 million last fiscal year same period. The increase of $676,817, or 7.1% more, is attributed to increased activity related to contract services for capital improvements.

- **Sewer Funds**
  Revenues- Sewer Fund received revenues of $1.5 million, which is equal to the same amount received last fiscal year same period. Revenues are flat for the first half of the fiscal year.

  Expenditures- Sewer Fund expended $1.7 million, compared to $1.4 million, the same period last fiscal year. The increase of $213,228, or 14.8% more, is attributed to increased activity related to contract services for capital improvement projects.

- **Sanitation Funds**
  Revenues- Sanitation Fund received revenues of $7.5 million compared to $7.3 million last fiscal year same period. The increase of $135,789, or 1.8% more, is attributed to refuse collection for commercial and residential, due to increase rates.

  Expenditures- Sanitation Fund expended $6.6 million, compared to $6.3 million last fiscal year same period. The increase of $275,413, or 4.3% more, is attributed to contract services (residential and commercial), special expense, CDS Infrastructure and Outreach (Earth Day).
Parking Funds

Revenues: Parking Fund received revenues of $2.3 million compared to $2.7 million last fiscal year same period. The decrease of $366,072, or 13.7% less, is attributed to decreased Parking Fines (DMV collections, direct collections).

Expenditures: Parking Fund expended $1.9 million, compared to $2.1 million last fiscal year same period. The decrease of $127,384, or 6.2% less, is attributed to contract services and parking refund expense.

- **Debt Service**: This category includes the debt service for the Pension Obligation Bond and the Civic Center Bond. The debt services costs were $2.9 million for the Civic Center Lease Revenue Bond and, $2.3 million budgeted for the Pension Obligation Bond. However, the City has taken advantage of its AA bond rating and refunded the 2012 Bonds, in anticipation of savings in interest debt service from the 2012 Civic Center bond issuance. This action has resulted in a savings of approximately $2.4 million during this fiscal year. Per the bond instructions, payments are due March and September for the Pension Obligation Bond, and the Lease Revenue Bond payments are schedule for August of each fiscal year.

Tables 3 and 4, below, illustrate the first half revenue and expenditures for the Special Funds through March 2019.

Table 3

<table>
<thead>
<tr>
<th>Special Fund Category</th>
<th>FY2018-19 Revenue Budget</th>
<th>FY2018-19 Actual Revenue @ Mid-Year</th>
<th>FY2018-19 Percent Received @ Mid-Year</th>
<th>FY2017-18 Actual Revenue @ Mid-Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Special Revenue</td>
<td>$63,726,116</td>
<td>$25,595,571</td>
<td>40%</td>
<td>$20,506,919</td>
</tr>
<tr>
<td>Internal Service</td>
<td>-</td>
<td>$62</td>
<td>0%</td>
<td>46</td>
</tr>
<tr>
<td>Proprietary</td>
<td>$43,072,408</td>
<td>$19,066,358</td>
<td>44%</td>
<td>$20,335,637</td>
</tr>
<tr>
<td>Debt Service</td>
<td>$5,186,420</td>
<td>$2,648,699</td>
<td>51%</td>
<td>$57,603,070</td>
</tr>
<tr>
<td><strong>Special Fund Total</strong></td>
<td><strong>$111,984,944</strong></td>
<td><strong>$47,310,689</strong></td>
<td><strong>42%</strong></td>
<td><strong>$98,445,673</strong></td>
</tr>
</tbody>
</table>
Table 4

<table>
<thead>
<tr>
<th>Special Fund Category</th>
<th>FY2018-19 Expense Budget</th>
<th>FY2018-19 Actual Expenses @ Mid-Year</th>
<th>Percent Expended @ Mid-Year</th>
<th>FY2017-18 Actual Expenses @ Mid-Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Special Revenue</td>
<td>$87,175,154</td>
<td>$26,249,748</td>
<td>30% $24,907,458</td>
<td></td>
</tr>
<tr>
<td>Internal Service</td>
<td>$129,473</td>
<td>$(510,932)</td>
<td>(395%) $(581,158)</td>
<td></td>
</tr>
<tr>
<td>Proprietary</td>
<td>$54,565,418</td>
<td>$20,436,562</td>
<td>37% $19,398,488</td>
<td></td>
</tr>
<tr>
<td>Debt Service</td>
<td>$6,382,734</td>
<td>$1,749,891</td>
<td>27% $56,630,343</td>
<td></td>
</tr>
<tr>
<td><strong>Special Fund Total</strong></td>
<td><strong>$148,252,779</strong></td>
<td><strong>$47,925,269</strong></td>
<td><strong>32%</strong> <strong>$100,355,132</strong></td>
<td></td>
</tr>
</tbody>
</table>

**Capital Improvement Projects (CIP)**

The FY 2018-19 budget approved by the Mayor and City Council provided total appropriations of $30.1 million. The FY2018-19 current budget at Mid-Year is $39.0 million for capital improvement projects. The increase in appropriation was due to FY2017-18 encumbrance carry over for contracts previously approved, and budget amendments for new contracts. Of this amount, a total of $6.8 million, or 17.3%, has been expended (excluding Residential Sound Insulation activities and Successor Agency funded expenditures) as of Mid-Year, which ended March 31, 2019.

As of Mid-Year, a total of forty-two projects are active with thirty-three projects under construction and nine projects in design. Six projects have been completed and are in close out process. Refer to the following table for a summary project status by category as of March 31, 2019.

**CIP Financial Summary**

- Current Appropriations: $39.0 Million
- CIP Expenditures: $6.8 Million
- CIP Encumbrances: $7.0 Million

- Expenditures as a Percentage of Appropriations: 17.3%
- Encumbrances as a Percentage of Appropriations: 18.0%
### FY 2018-19 Mid-Year Capital Improvement Projects Status by Category

<table>
<thead>
<tr>
<th>CIP Project Categories</th>
<th>Active Projects</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Projects in Construction</td>
</tr>
<tr>
<td>Facilities</td>
<td>9</td>
</tr>
<tr>
<td>Parks &amp; Open Spaces</td>
<td>3</td>
</tr>
<tr>
<td>ADA Construction</td>
<td></td>
</tr>
<tr>
<td>Sidewalks &amp; Walkways</td>
<td>1</td>
</tr>
<tr>
<td>Transit Stop Improvements</td>
<td>2</td>
</tr>
<tr>
<td>Streets and Roadways</td>
<td>6</td>
</tr>
<tr>
<td>Water System Improvements</td>
<td>5</td>
</tr>
<tr>
<td>Sewer System Improvements</td>
<td>4</td>
</tr>
<tr>
<td>Street Lighting &amp; Roadway</td>
<td>3</td>
</tr>
<tr>
<td>Safety</td>
<td></td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>33</strong></td>
</tr>
</tbody>
</table>

### Conclusion

The Mid-Year 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 first half (October 1, 2018, through March 31, 2019) of the current fiscal year. The City’s operational revenues and expenses are above the proportionate budgeted amounts based on the total budget within the first six months. Staff will continue to utilize feedback received from the Mayor and City Council to manage the Adopted FY2018-19 General Fund Budget.