

FY 2025 FIRST QUARTER BUDGET UPDATE

November 19, 2024



Note: This PowerPoint presentation is intended solely as a visual aid to an oral staff presentation of an agenda report topic. In the event of any differences between the presentation and the agenda report, the information in the agenda report prevails.

FIRST QUARTER BUDGET UPDATE

- Tonight's Agenda:
 - Overview
 - FY 2024 Year-end Budget Adjustments
 - FY 2025 First Quarter Update



FY 2024 BUDGET ADJUSTMENTS



FY 2024 Audit and financial statements are being finalized



Two funds require budget appropriations due to unanticipated events:

Insurance Fund – \$771,804

- Increase in insurance claim reserves

Pension Fund – \$6,481

- Employee retirements higher than anticipated



FIRST QUARTER BUDGET UPDATE

- FY 2025 General Fund revenues lower than prior year
 - Some taxes and rents/leases have variances due to a change in accounting accrual methodology

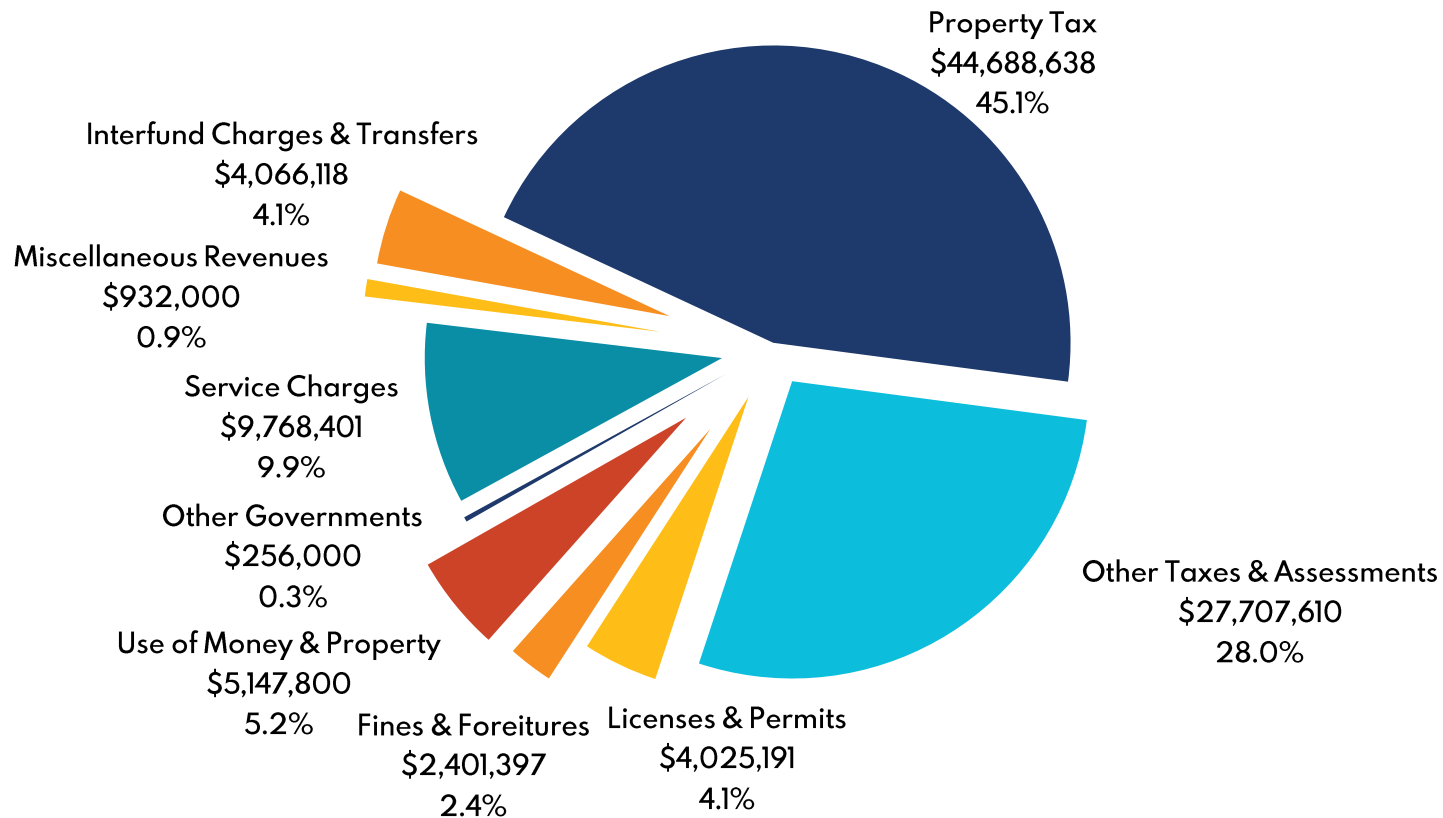
	FY 2024 Actuals	Revenues Accrued to Prior Year	Adjusted FY 2024 Actuals	FY 2025 Actuals
Sales Tax	\$3,090,624	\$2,248,249	\$842,375	\$1,047,716
TOT	2,088,298	567,511	1,520,787	1,647,417
Franchise Tax	131,838	131,838	-	-
Hotel Rent	459,137	459,137	-	-

- Other variances due to timing of payments or one-time revenues (e.g. grants and reimbursements)



FY 2025 ADOPTED BUDGET

General Fund Revenues = \$98,993,155



GENERAL FUND REVENUES BY CATEGORY

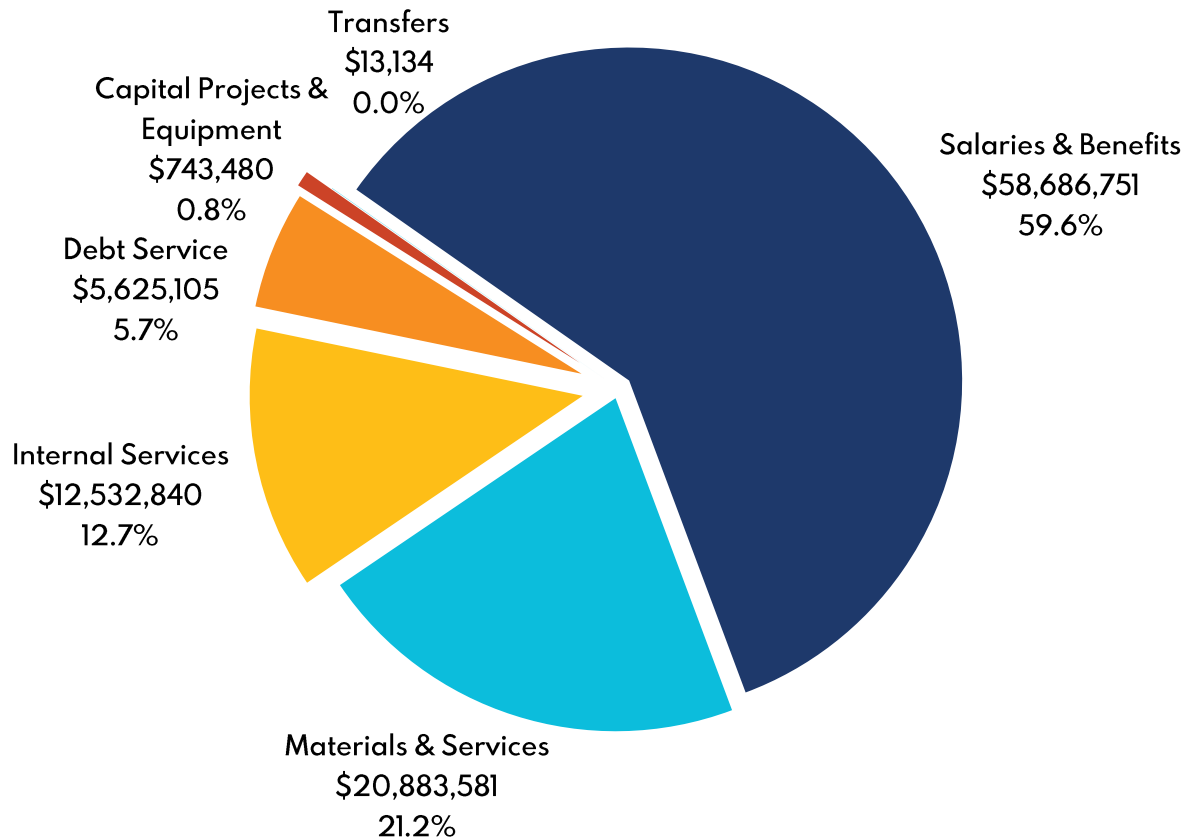
General Fund	FY 2025 Original Budget	FY 2025 Revised Budget	FY 2025 Quarter 1	Percent Realized	FY 2024 Quarter 1	Variance
Key Revenues						
Property Tax	\$44,688,638	\$44,688,638	\$957,450	2.1%	\$896,048	\$61,403
Sales & Use Tax	11,350,000	11,350,000	1,047,716	9.2%	3,090,624	(2,042,908)*
Hotel/Motel Transient Occupancy Tax	7,415,000	7,415,000	1,647,417	22.2%	2,088,298	(440,881)*
Short-Term Rental Transient Occupancy Tax	1,200,000	1,200,000	256,456	21.4%	223,665	32,791*
Business License Tax	5,200,000	5,200,000	323,500	6.2%	488,439	(164,940)
Real Estate Transfer Tax	800,000	800,000	91,364	11.4%	162,856	(71,492)
Building Permits	2,100,000	2,100,000	563,639	26.8%	662,690	(99,051)
Parking Citations	2,175,000	2,175,000	410,647	18.9%	315,987	94,660
Interest Earnings	1,375,000	1,375,000	560,894	40.8%	564,120	(3,226)
Building Plan Check Fees	1,837,500	1,837,500	574,903	31.3%	465,391	109,512
Subtotal Key Revenues	\$78,141,138	\$78,141,138	\$6,433,985	8.2%	\$8,958,117	(\$2,524,131)
Remaining Revenues by Category						
Other Taxes & Assessments	\$1,742,610	\$1,742,610	\$40,561	2.3%	\$173,455	(\$132,894)*
Revenue from Permits	1,275,191	1,275,191	282,399	22.1%	364,106	(81,708)
Fines	226,397	226,397	163,867	72.4%	37,611	126,256
Interest & Rents	3,772,800	3,772,800	469,338	12.4%	968,292	(498,955)*
From Other Governments (Grants)	256,000	557,853	5,064	0.9%	256,371	(251,307)
Service Charges	8,560,901	8,560,901	3,337,120	39.0%	3,511,538	(174,417)
Operating Service Transfers	4,066,118	4,066,118	1,046,156	25.7%	1,094,952	(48,797)
Miscellaneous	952,000	952,000	300,819	31.6%	125,484	175,335
Subtotal Other Revenues	\$20,852,017	\$21,153,870	\$5,645,323	26.7%	\$6,531,810	(\$886,487)
General Fund Revenues	\$98,993,155	\$99,295,008	\$12,079,309	12.2%	\$15,489,927	(\$3,410,618)
Unrealized Investment Gain/(Loss)	-	-	\$1,141,441	-	\$1,589,861	(\$448,420)
Total General Fund Revenues	\$98,993,155	\$99,295,008	\$13,220,750	13.3%	\$17,079,788	(\$3,859,038)

* Variance in FY 2025 is due to an accounting methodology change wherein identified key revenues are accrued and reversed to the previous year during Quarter I instead of at the End of the Year



FY 2025 ADOPTED BUDGET

General Fund Expenditures = \$98,484,891 By Category



GENERAL FUND EXPENDITURES BY CATEGORY

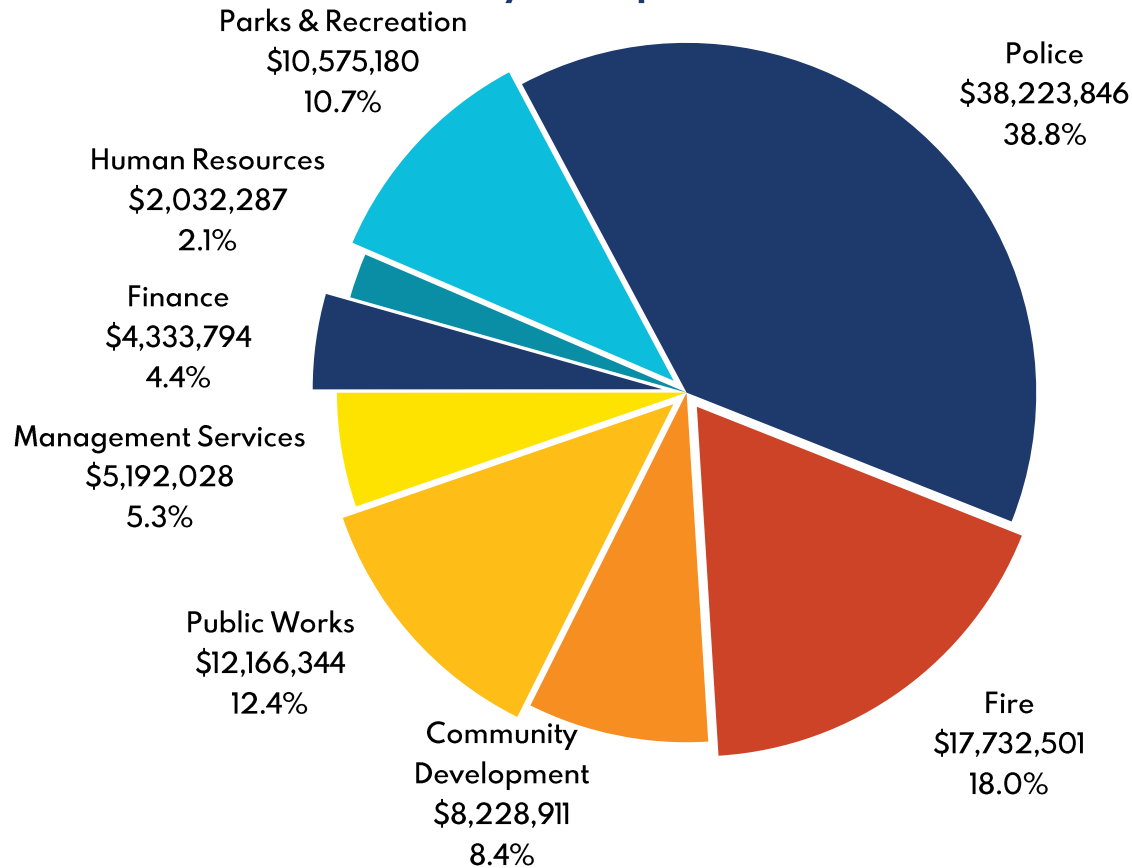
General Fund Expenditures	FY 2025 Original Budget	FY 2025 Revised Budget	FY 2025 Quarter 1	Percent Utilized	FY 2024 Quarter 1	Variance
Salary & Wages	\$42,740,953	\$42,791,881	\$10,652,671	24.9%	\$9,235,853	\$1,416,819
Employee Benefits	15,945,798	15,945,798	3,911,503	24.5%	3,669,526	241,977
Contract & Professional Services	15,160,476	16,884,818	3,390,317	20.1%	3,171,544	218,773
Materials & Services	4,414,240	4,546,836	871,113	19.2%	899,408	(28,294)
Utilities	1,308,865	1,308,865	330,249	25.2%	347,049	(16,800)
Internal Service Charges	12,532,840	12,532,840	2,963,800	23.6%	2,898,004	65,796
Property & Equipment	743,480	796,299	195,229	24.5%	1,194	194,036
Bond Debt	5,625,105	5,625,105	-	-	-	-
Transfers Out	13,134	13,134	-	-	-	-
Total General Fund Expenditures	\$98,484,891	\$100,445,575	\$22,314,882	22.2%	\$20,222,577	\$2,092,305

- Salaries up due to additional payroll period, employee accrued leave payouts upon retirement, and Fire mutual aid deployments
- Contract Services increased due to use of consultants while vacant positions are filled



FY 2025 ADOPTED BUDGET

General Fund Expenditures = \$98,484,891 By Department



GENERAL FUND BY DEPARTMENT

General Fund Expenditures	FY 2025 Original Budget	FY 2025 Revised Budget	FY 2025 Quarter 1	Percent Utilized	FY 2024 Quarter 1	Variance
Management Services	\$5,192,028	\$5,428,183	\$1,158,664	21.3%	\$824,397	\$334,267
Finance	4,333,794	4,409,474	1,021,717	23.2%	924,518	97,199
Human Resources	2,032,287	2,069,305	613,911	29.7%	494,507	119,405
Parks & Recreation	10,575,180	10,735,025	2,602,321	24.2%	2,902,268	(299,947)
Police	38,223,846	38,423,663	8,197,084	21.3%	7,480,468	716,615
Fire	17,732,501	17,732,501	4,337,568	24.5%	3,765,575	571,993
Community Development	8,228,911	8,423,485	1,798,464	21.4%	1,558,950	239,514
Public Works	12,166,344	13,223,939	2,585,152	19.5%	2,271,893	313,259
Information Technology	-	-	-	-	-	-
Total General Fund Expenditures	\$98,484,891	\$100,445,575	\$22,314,882	22.2%	\$20,222,577	\$2,092,305



GENERAL FUND SUMMARY

General Fund Revenue & Expenditure Summary	FY 2025 Original Budget	FY 2025 Revised Budget	FY 2025 Quarter 1	FY 2024 Quarter 1	Variance
Total Revenues*	\$98,993,155	\$99,295,008	\$12,079,309	\$15,489,927	(\$3,410,618)
Total Expenditures	98,484,891	100,445,575	22,314,882	20,222,577	2,092,305
	\$508,264	(\$1,150,567)	(\$10,235,573)	(\$4,732,650)	(\$5,502,923)

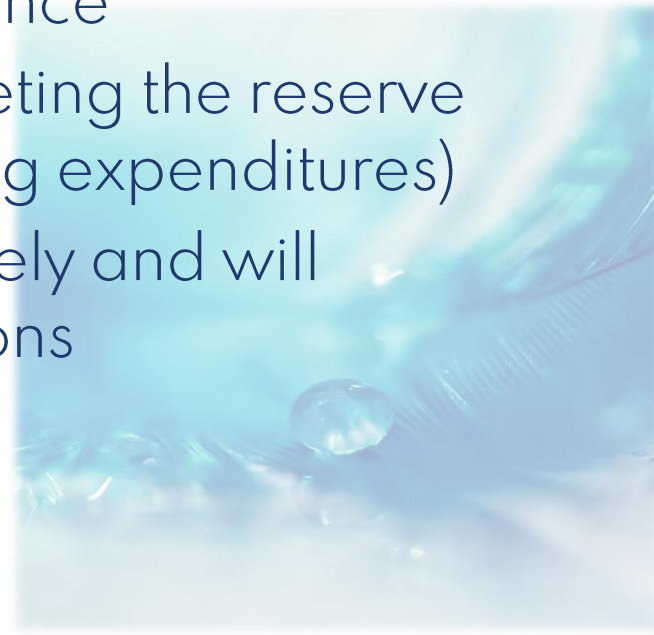
* Excluding Unrealized Investment Gain/(Loss)

- FY 2025 Budget adopted with surplus of \$508,264
- The FY 2025 Revised Budget includes contract encumbrance carryforwards which creates a projected deficit of \$1.1 million
- Additionally, net General Fund transfers budgeted total \$4.1 million:
 - \$2.2 million to CIP Fund
 - \$1.8 million to Section 115 Trust Fund



NOTEWORTHY REVENUE TRENDS

- Water Fund
 - After two rainy seasons and increased conservation efforts, revenues aren't meeting projections
 - Expenses have risen by 7.8% due to higher purchase rates and increased costs for insurance
 - The Water Fund is currently not meeting the reserve policy (4 months or 33% of operating expenditures)
 - Staff is monitoring the situation closely and will return to Council in 2025 with options



NOTEWORTHY REVENUE TRENDS

- Parking Fund
 - Parking meter revenues are being closely monitored with loss of Parking Lot #3
 - Revenues have increased in other Downtown Lots/Streets as parking shifted from Lot #3
 - Citywide parking study currently underway to consider pricing strategies to recover the cost of operations and provide long-term infrastructure funding



RESOURCES & FUTURE UPDATES

- Budget documents on City website:
www.manhattanbeach.gov/budget
- Contact us Budget@manhattanbeach.gov
- Follow the City's eNews and social media for important dates:



	City Council Meeting Dates
FY 2024 Year-end Update & ACFR	January 21, 2025
FY 2025 Mid-Year Budget Update	February 18, 2025
FY 2026 Proposed Budget Presentation	May 6, 2025
Budget Study Sessions	May 2025

