

CITY OF  
**EL SEGUNDO**

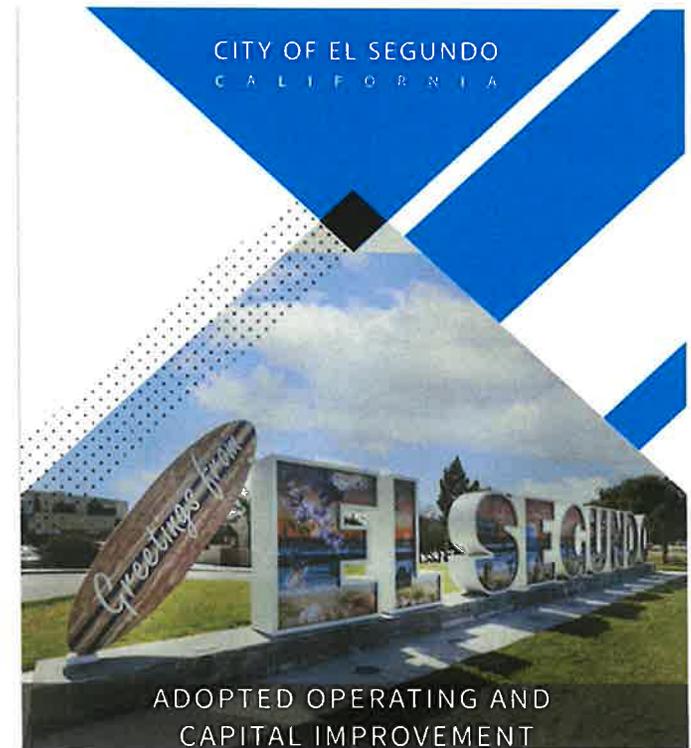
# **FY 2025-26 Second Quarter Financial Report & Mid-Year Adjustment Requests**

**February 17, 2026**

City of El Segundo | 350 Main St. El Segundo, CA 90245

# PRESENTATION AGENDA

- 1. FY 2025-26 Second Quarter (Q2) - Financial Report**
- 2. FY 2025-26 Mid-Year Adjustment Requests**
- 3. Staff Recommendations**
- 4. Next Steps**





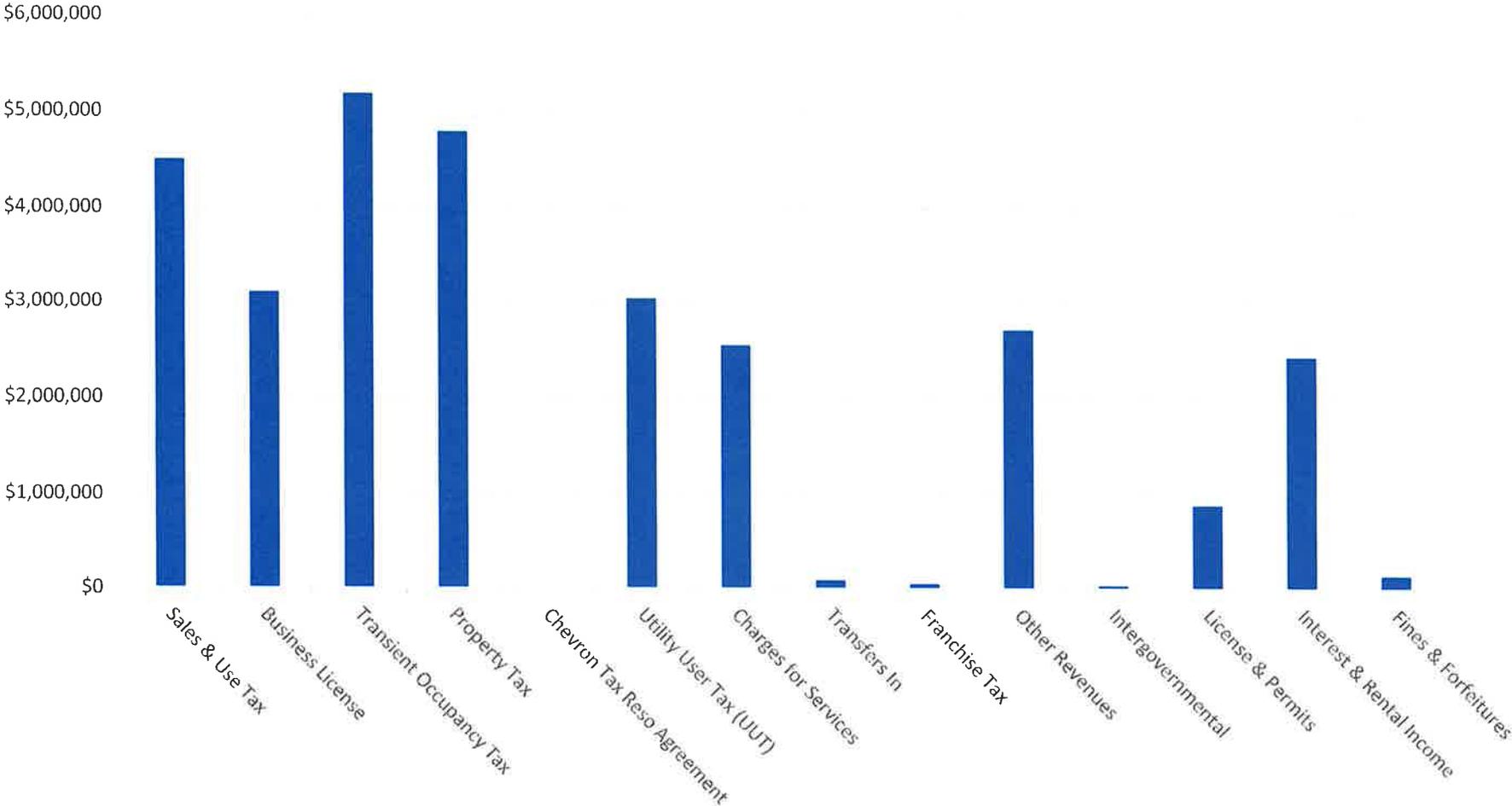
# **FY 2025-26 Q2 - Financial Report**

## Q2: GENERAL FUND – REVENUE (HIGHLIGHTS)

- General Fund had realized **\$29.5M** or **28%** current year revenues versus **\$28.5M** or **30%** prior year
- The big 5 revenues sources will be monitored closely in the remainder of the fiscal year
- Q3 & Q4 Financial Report will provide better financial picture

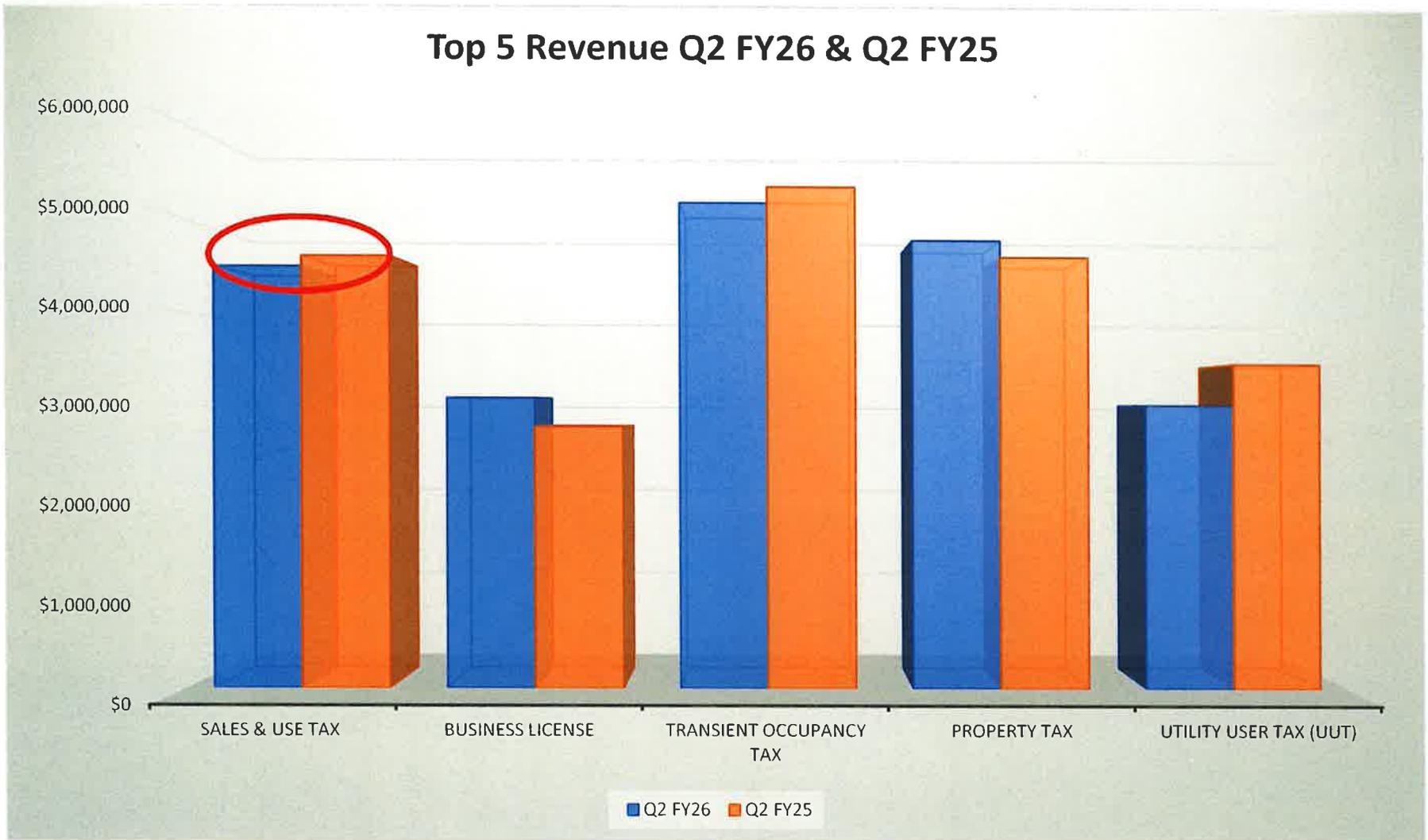
# Q2: GENERAL FUND REVENUE

Q2 General Fund Revenues Actuals: **\$29,526,607**



# Q2: GENERAL FUND REVENUE

## Top 5 Revenue Q2 FY26 & Q2 FY25



# FY 2025-26 GENERAL FUND REVENUES (6 MONTHS)

Fiscal Year 2025-26					
	Revenue Source	Revised Full Year Budget	Actual Revenues Received Through Q2	Variance in Dollar - Budget to Actuals	Percentage Received
1	Sales & Use Tax	\$16,804,178	\$4,508,581	(\$12,295,597)	27%
2	Business License	14,090,976	3,103,188	(10,987,788)	22%
3	Transient Occupancy Tax	14,800,000	5,193,183	(9,606,817)	35%
4	Property Tax	14,037,884	4,801,042	(9,236,842)	34%
5	Chevron Tax Reso Agreement	6,100,000	0	(6,100,000)	0%
6	Utility User Tax (UUT)	11,093,769	3,039,173	(8,054,596)	27%
7	Charges for Services	5,900,748	2,545,419	(3,355,328)	43%
8	Transfers In	4,754,994	84,280	(4,670,714)	2%
9	Franchise Tax	5,200,000	48,596	(5,151,404)	0.9%
10	Other Revenues	2,875,178	2,711,993	(163,185)	94%
11	Intergovernmental	355,000	31,397	(323,603)	9%
12	License & Permits	2,329,000	887,978	(1,441,022)	38%
13	Interest & Rental Income	5,886,646	2,435,146	(3,451,500)	41%
14	Fines & Forfeitures	344,677	136,630	(208,047)	40%
<b>Total General Fund Revenues</b>		<b>\$104,573,049</b>	<b>\$29,526,607</b>	<b>(\$75,046,442)</b>	<b>28.24%</b>

# FY 2025-26 ALL FUND REVENUES (6 MONTHS)

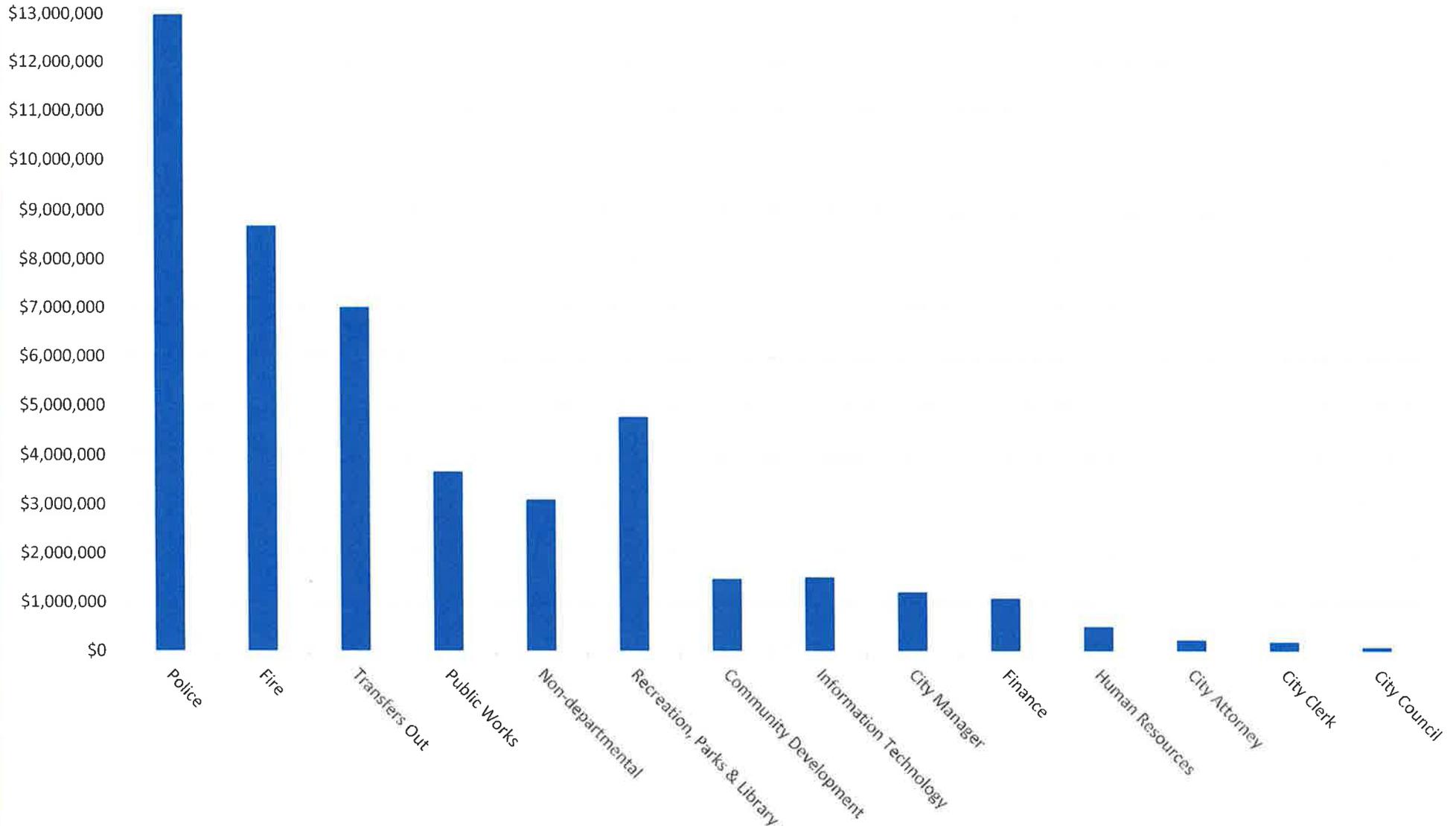
Fiscal Year 2025-26					
	Fund Name	Revised Full Year Budget	Actual Revenues to Date	Variance in Dollar	Percentage Received
1	General Fund	\$104,573,049	\$29,526,607	(\$75,046,442)	28%
2	Water Fund	37,223,245	17,963,383	(19,259,862)	48%
3	Transportation Funds	2,646,436	1,744,284	(902,152)	66%
4	Debt Service POBs	9,505,304	1,419,469	(8,085,835)	15%
5	Wastewater Fund	6,214,470	2,912,544	(3,301,926)	47%
6	General Fund CIP	5,302,000	5,311,887	9,887	100.2%
7	Equip. Replacement Fund	2,027,142	2,027,142	0	100%
8	Workers Comp. Fund	3,597,350	1,010,621	(2,586,729)	28%
9	General Liability Fund	3,687,030	3,682,029	(5,001)	100%
10	Dev. Services Trust	250,000	113,582	(136,418)	45%
11	Public Safety Special Rev.	3,084,987	470,263	(2,614,724)	15%
12	Other Special Rev.	1,124,263	979,863	(144,400)	87%
13	Rec & Econ Dev Trust Fund	5,144,400	94,819	(5,049,581)	2%
14	Cultural Development Fund	257,500	82,722	(174,778)	32%
15	Debt Service Fund	36,050	36,556	506	101%
16	Solid Waste Fund	211,000	211,000	0	100%
17	Senior Housing Fund	287,414	223,991	(63,423)	78%
	<b>Total</b>	<b>\$185,171,641</b>	<b>\$67,810,762</b>	<b>(\$117,360,878)</b>	<b>36.62%</b>

## Q2: GENERAL FUND – EXPENDITURE (HIGHLIGHTS)

- General Fund has expended **\$46.4M** or **44%** current year versus **\$46M** or **47%** prior year
- Encumbered amounts (those earmarked with specific vendors for projects or services) are not included in expenditures to date, but will be reflected as the actual costs are expended in future quarterly reports
- O&M costs are on pace with budget

# Q2: GENERAL FUND EXPENDITURES

Q2 General Fund Expenditures Actuals: \$46,566,143



# FY 2025-26 GENERAL FUND EXPENDITURES (6 MONTHS)

Fiscal Year 2025-26					
	Expenditure Source	Revised Full Year Budget	Actual Appropriations Expended Through Q2*	Variance in Dollar - Budget to Actuals	Percentage Expended*
1	Police	\$24,867,038	\$13,012,480	(\$11,854,558)	52%
2	Fire	18,363,290	8,698,656	(9,664,634)	47%
3	Transfers Out	15,138,648	7,023,639	(8,115,009)	46%
4	Public Works	9,962,675	3,676,383	(6,286,292)	37%
5	Non-departmental	7,508,339	3,106,116	(4,402,224)	41%
6	Recreation, Parks & Library	11,294,648	4,777,393	(6,517,255)	42%
7	Community Development	3,957,955	1,479,439	(2,478,517)	37%
8	Information Technology	4,177,660	1,511,021	(2,666,639)	36%
9	City Manager	3,175,547	1,207,587	(1,967,959)	38%
10	Finance	2,807,702	1,076,567	(1,731,135)	38%
11	Human Resources	2,059,083	500,083	(1,559,000)	24%
12	City Attorney	825,000	226,122	(598,878)	27%
13	City Clerk	596,030	188,702	(407,327)	32%
14	City Council	227,098	81,955	(145,143)	36%
<b>Total General Fund Expenditures</b>		<b>\$104,960,713</b>	<b>\$46,566,143</b>	<b>(\$58,394,570)</b>	<b>44.37%</b>
*Does not include encumbrances					

# FY 2025-26 ALL FUND EXPENDITURES (6 MONTHS)

Fiscal Year 2025-26					
	Fund Name	Revised Full Year Budget	Actual Expenditures to Date*	Variance in Dollar	Percentage Expended*
1	General Fund	\$104,960,713	\$46,575,513	(\$58,385,200)	44%
2	Water Fund	40,519,416	19,412,942	(21,106,474)	48%
3	Transportation Funds	2,041,806	307,446	(1,734,360)	15%
4	Debt Service POBs	9,497,648	9,469,821	(27,827)	99.7%
5	Wastewater Fund	8,053,698	4,444,951	(3,608,746)	55%
6	General Fund CIP	23,270,210	5,466,572	(17,803,638)	23%
7	Equip. Replacement Fund	8,146,058	650,583	(7,495,475)	8%
8	Workers Comp. Fund	3,498,108	2,493,617	(1,004,490)	71%
9	General Liability Fund	3,777,967	2,469,734	(1,308,233)	65%
10	Dev. Services Trust	975,000	72,412	(902,588)	7%
11	Public Safety Special Rev.	3,130,849	709,235	(2,421,614)	23%
12	Other Special Rev.	2,635,887	136,514	(2,499,373)	5%
13	Rec & Econ Dev Trust Fund	4,948,394	(10,385)	(4,958,779)	0%
14	Cultural Dev. Trust Fund	378,117	146,248	(231,868)	39%
15	Debt Service Fund	541,606	458,433	(83,172)	85%
16	Solid Waste Fund	346,000	104,245	(241,755)	30%
17	Senior Housing Fund	53,621	12,241	(41,379)	23%
	<b>Total</b>	<b>\$216,775,097</b>	<b>\$92,920,124</b>	<b>(\$123,854,973)</b>	<b>42.86%</b>
*Does not include encumbrances					

# ESTIMATED FUND BALANCE (GENERAL FUND)

<u>Description</u>	<u>Estimated</u>
Beginning Unassigned Fund Balance on July 1, 2025 (unaudited)	\$35,858,323
Estimated FY 2025-26 <u>Revenues</u>	\$102,573,049
Estimated FY 2025-26 <u>Expenditures</u>	\$(104,960,713)
Estimated Ending Fund Balance (June 30, 2026)	\$35,470,659
25% Reserve Requirement	\$26,240,178
<b>Estimated Available Unassigned Reserve</b>	<b>\$7,230,481</b>



# **FY 2025-26 Mid-Year Adjustment Requests**

## MID-YEAR ADJUSTMENTS - SUMMARY

- Revenues & Expenditure changes less than 1% of adopted budget
  - Revenue adjustment: **-\$1,650,000** (General Fund)
  - Expenditure adjustment: **\$522,000** (General Fund)  
**\$ 40,000** (Non-General Funds)
  - Net Change in budget: **-\$1,128,000** (General Fund)  
**-\$1,088,000** (All Funds)

# RECOMMENDED ADJUSTMENTS - REVENUES

	Fund Name	Revised Budget	Mid-Year Recommended Changes	Revised Budget with Recommended Additions	% Increase
1	General Fund	\$104,573,049	-\$1,650,000	\$102,923,049	-1.58%
2	Water Fund	37,223,245	0	37,223,245	0%
3	Transportation Funds	2,646,436	0	2,646,436	0%
4	Debt Service POBs	9,505,304	0	9,505,304	0%
5	Wastewater Fund	6,214,470	0	6,214,470	0%
6	General Fund CIP	5,302,000	0	5,302,000	0%
7	Equip. Replacement Fund	2,027,142	0	2,027,142	0%
8	Workers Comp. Fund	3,597,350	0	3,597,350	0%
9	General Liability Fund	3,687,030	0	3,687,030	0%
10	Dev. Services Trust	250,000	0	250,000	0%
11	Public Safety Special Rev.	3,084,987	0	3,084,987	0%
12	Other Special Rev.	1,124,263	0	1,124,263	0%
13	Rec & Econ Dev Trust Fund	5,144,400	0	5,144,400	0%
14	Cultural Development Fund	257,500	0	257,500	0%
15	Debt Service Fund	36,050	0	36,050	0%
16	Solid Waste Fund	211,000	0	211,000	0%
17	Senior Housing Fund	287,414	0	287,414	0%
	<b>Total</b>	<b>\$185,171,641</b>	<b>-\$1,650,000</b>	<b>\$183,521,641</b>	<b>-0.89%</b>

# RECOMMENDED ADJUSTMENTS - EXPENDITURES

	Expenditure Source	Revised Budget	Mid-Year Recommended Changes	Revised Budget with Recommended Additions	% Increase
1	General Fund	\$104,960,713	\$522,000	\$105,482,713	0.50%
2	Water Fund	40,519,416	0	40,519,416	0.00%
3	Transportation Funds	2,041,806	0	2,041,806	0.00%
4	Debt Service POBs	9,497,648	0	9,497,648	0.00%
5	Wastewater Fund	8,053,698	0	8,053,698	0.00%
6	General Fund CIP	23,270,210	0	23,270,210	0.00%
7	Equip. Replacement Fund	8,146,058	40,000	8,186,058	0.49%
8	Workers Comp. Fund	3,498,108	0	3,498,108	0.00%
9	General Liability Fund	3,777,967	0	3,777,967	0.00%
10	Dev. Services Trust	975,000	0	975,000	0.00%
11	Public Safety Special Rev.	3,130,849	0	3,130,849	0.00%
12	Other Special Rev.	2,635,887	0	2,635,887	0.00%
13	Rec & Econ Dev Trust Fund	4,948,394	0	4,948,394	0.00%
14	Cultural Dev. Trust Fund	378,117	0	378,117	0.00%
15	Debt Service Fund	541,606	0	541,606	0.00%
16	Solid Waste Fund	346,000	0	346,000	0.00%
17	Senior Housing Fund	53,621	0	53,621	0.00%
	<b>Total</b>	<b>\$216,775,097</b>	<b>\$562,000</b>	<b>\$217,337,097</b>	<b>0.26%</b>

# MID-YEAR SUMMARY BY DEPARTMENT

<u>Department / Request (Expenditures)</u>	<u>Amount</u>
<b>Community Development:</b> True North and Willdan contract increases	\$500,000
<b>Finance/Non-Departmental:</b> Reclassify Management Analyst	\$11,000
<b>Public Works:</b> Pool filter and Locker Room remodel at ESAQ	\$40,000
<b>City Manager:</b> Reclassify Special Projects Administrator	\$11,000
<b>Total Mid-Year Adjustment Request (Expenditures):</b>	<b>\$562,000</b>

<u>Department / Request (Revenue)</u>	<u>Amount</u>
<b>Community Development:</b> Revenue offset for plan check fees to be received	\$350,000
<b>Finance:</b> Reduce Sales & Use Tax	-\$2,000,000
<b>Total Mid-Year Adjustment Request (Revenue):</b>	<b>-\$1,650,000</b>

# MID-YEAR ADJUSTMENT

## Community Development:

O&M – True North contract increase

- **Total Expenditure: \$500,000**
- **Total Revenue: \$350,000 (Plan Check Fees)**

# MID-YEAR ADJUSTMENT

## Finance/Non-Departmental:

Sales & Use Tax – Reduce budget by \$2,000,000 based on anticipated performance of this revenue category by fiscal year-end

Primary Reason for decrease: Loss of Insight Direct USA, Inc.

- **Total Revenue: -\$2,000,000**

Salaries & Benefits – Appropriation of \$11,000 to reclassify current Management Analyst position to Senior Management Analyst (no change to FTE count)

- **Total Expenditure: \$11,000**

# MID-YEAR ADJUSTMENT

## City Manager:

Salaries & Benefits – Appropriation of \$11,000 to reclassify current Special Projects Administrator position to Senior Management Analyst (no change to FTE count)

- **Total Expenditure: \$11,000**

# MID-YEAR ADJUSTMENT

## Public Works:

O&M – Pool filter and locker room remodel at Wiseburn Aquatic Center.

- **Total Expenditure: \$40,000**

## STAFF RECOMMENDATIONS

1. **Approve** to amend the FY 2025-26 Budget to reflect the revised year-end revenue estimates and year-end expenditures, which were noted in the Mid-Year Budget and Second Quarter Fiscal Year 2025-26 Financial Report.
2. **Receive and File** the Second Quarter Fiscal Year 2025-26 Financial Report.
3. **Approve** to reclassify one (1) Management Analyst position to Senior Management Analyst in the Finance department; and to reclassify one (1) Special Projects Administrator position to Senior Management Analyst in the City Manager's office.

## NEXT STEPS

### Proposed Fiscal Year 2026-27 Budget Calendar:

- Master Fee Schedule to be updated by CPI-U (**April 2026**)
- Budget Study Session (**May 13, 2026**)
- Public Hearing and Adoption for the Budget (**June 2, 2026**)
- Beginning of FY 2026-27 (**July 1, 2026**)