



City of Fresno
Monthly Financial Report FY2015/2016
For the Ten months Ended April 30, 2016
Unaudited – Intended for Internal Management Purposes Only

GENERAL FUND AT-A-GLANCE

| (in thousands) Category | Amended Budget | YTD Actual | % of Budget | Prior Year Actuals |
|-----------------------------------|-------------------|------------|----------------|-----------------------|
| Revenues | 281,583 | 198,819 | 71% | 188,465 |
| Expenditures | (278,953) | (218,681) | 78% | (204,749) |
| Revenues Over Expenditures | 2,630 | (19,862) | | |

GENERAL FUND REVENUES

| Revenues | Amended Budget | YTD Actual | % of Budget | Prior Year Actuals |
|-----------------------------------|-------------------|---------------|----------------|-----------------------|
| Sales & Use Tax | 82,233 | 50,908 | 62% | 53,685 |
| Prop. 172 Sales Tax | 2,730 | 2,327 | 85% | 2,337 |
| Property Tax | 111,136 | 64,762 | 58% | 63,715 |
| Business Tax | 17,880 | 14,896 | 83% | 13,415 |
| Franchise Tax | 12,225 | 10,802 | 88% | 9,944 |
| Other Local Taxes | 11,612 | 10,768 | 93% | 9,637 |
| Card Room Receipts | 1,010 | 903 | 89% | 861 |
| Charges for Services | 16,420 | 13,246 | 81% | 12,905 |
| Development Fees | 13,734 | 12,569 | 92% | 11,849 |
| Intergovernmental Revenues | 4,981 | 5,054 | 101% | 4,054 |
| Intragovernmental Revenues | 11,522 | 8,864 | 77% | 11,362 |
| Transfers In/Out | (26,979) | (18,457) | 68% | (27,148) |
| All Other Revenue Sources | 23,079 | 22,177 | 96% | 21,849 |
| Total | 281,583 | 198,819 | 71% | 188,465 |

GENERAL FUND REVENUES

General Fund revenues for the ten months ended April 30, 2016 were \$198.8 million. Revenues for the first ten months of the prior fiscal year were \$188.5 million, including the transfer out of \$8.2 million to repay monies previously advanced to it by Water and Solid Waste. If the loan repayment is excluded from total revenues during the first ten months of Fiscal Year 2015, the adjusted total is \$196.7 million; resulting in an adjusted increase of \$2.1 million thus far in Fiscal Year 2016 as compared to total revenues through the first ten months of last fiscal year. Overall, total revenues are at 70.6% of the annual estimate with 83% of the year completed.

Sales Tax revenues, including those from the Sales Tax Swap were \$50.9 million through April 2016. Sales Tax revenues were \$53.7 million for the same period last fiscal year; a -5.2% decrease due to lower Sales Tax Swap receipts caused by a State-imposed change in the distribution schedule delaying receipt by the City until August 2016. Yet, once the Sales Tax Swap revenues are factored out, Sales Tax receipts are up \$4.0 million (9.1%) over the same time period last year. Property Tax received through April 30, 2016 increased \$1.0 million (1.6%) from the same period last year, primarily due to VLF swap. Business Taxes collected were \$14.9 million for the first ten months of Fiscal Year 2016, an increase of \$1.5 million (11.0%) over the same period last fiscal year. Other Local Taxes received through April were \$10.8 million; an increase of \$1.1 million (11.7%) over the same period last year, due to increased revenues from Room Tax and Real Estate Transfer Taxes.

GENERAL FUND REVENUES – continued

Revenues other than taxes, which include Charges for Services, Development Fees, Intergovernmental and Intragovernmental Revenues, Transfers Out, and All Other Revenue Sources, will fluctuate from month to month depending upon various activity elements. Development Fees increased \$0.7 million (6.1%) from the first ten months of last fiscal year due to construction/alteration permit and plan check fees. Intergovernmental Revenues increased \$1.0 million (24.7%) compared to the first ten months of last year due to increased reimbursements for state mandated costs, County contributions for police officers working on the Adult Compliance Team (ACT), and federal grant reimbursements. Intragovernmental Revenues decreased \$2.5 million (-22.0%) compared to the same period last fiscal year due to lower equipment and overhead reimbursements from capital funds. The \$22.2 million under All Other Revenue Sources includes General Fund carryover of \$20.4 million posted at the beginning of December 2015.

As of April 30, 2016, the City maintained \$11.8 million in the General Fund Emergency Reserve. \$2.7 million of those funds are associated with the repayment of loans made by the City to the former RDA which were received in September 2015. The use of this Reserve is restricted until such time as a declaration of a fiscal emergency is made by the Mayor and approved by Council or for temporary year-end cash balancing purposes in accordance with provisions in the Reserve Management Act.

GENERAL FUND EXPENDITURES BY DEPARTMENT

| Expenditure Type | Amended Budget | YTD Actual | % of Budget | Prior Year Actuals |
|--|----------------|----------------|-------------|--------------------|
| Police Department | 149,128 | 118,374 | 79% | 111,415 |
| Fire Department | 52,784 | 45,411 | 86% | 42,237 |
| Parks, Recreation & Community Services | 15,768 | 12,370 | 78% | 10,561 |
| Finance/Budget/Purchasing/Central Printing | 8,245 | 6,248 | 76% | 6,037 |
| Public Works | 9,179 | 4,871 | 53% | 6,130 |
| City Council Offices | 3,335 | 2,115 | 63% | 2,027 |
| City Clerk's Office | 709 | 599 | 84% | 551 |
| Office of the Mayor/City Manager | 2,414 | 1,979 | 82% | 1,768 |
| Development and Resource Management (DARM) | 22,986 | 17,404 | 76% | 16,273 |
| Personnel | 2,936 | 2,470 | 84% | 2,405 |
| City Attorney's Office | 4,237 | 3,449 | 81% | 3,230 |
| General City Purposes | 9,205 | 3,391 | 37% | 2,115 |
| Pending Concessions | (1,973) | 0 | 0% | 0 |
| Total | 278,953 | 218,681 | 78% | 204,749 |

GENERAL FUND EXPENDITURES BY TYPE

| Expenditure Type | Amended Budget | YTD Actual | % of Budget | Prior Year Actuals |
|---|----------------|----------------|-------------|--------------------|
| Salaries and Benefits Public Protection | 156,478 | 128,912 | 82% | 123,520 |
| Salaries and Benefits Others | 34,547 | 28,799 | 83% | 27,202 |
| Overtime Public Protection | 3,800 | 5,375 | 141% | 4,009 |
| Overtime Others | 54 | 107 | 199% | 76 |
| Pension Obligation Bonds | 12,740 | 3,734 | 29% | 3,890 |
| Operations and Maintenance | 35,840 | 23,117 | 65% | 21,091 |
| Interdepartmental Charges | 30,526 | 25,447 | 83% | 23,009 |
| Capital | 4,968 | 3,190 | 64% | 1,952 |
| Total | 278,953 | 218,681 | 78% | 204,749 |

GENERAL FUND EXPENDITURES

General Fund expenditures for the ten months ended April 30, 2016 were \$218.7 million. This is an increase of \$13.9 million (6.8%) over the same period last fiscal year.

Comparing the first ten months this year with last year, the Police and Fire Departments experienced \$7.0 million (6.2%) and \$3.2 million (7.5%) increases respectively, due primarily to both overtime expenditures and costs associated with the addition of new staff added as part of the Fiscal Year 2016 budget plus additional costs for personal supplies, computer software, equipment purchases and leases. PARCS experienced a \$1.8 million (17.1%) increase compared to the same period last year mainly due to increased personnel costs associated with the transfer of five staff to PARCS from Public Works and the addition of fourteen new permanent positions. Additional increased costs factoring into PARCS' overall increase include those for technical services, utilities, and capital expenditures for equipment and improvements.

Savings for personnel costs related to the transfer of the employees to PARCS plus lower costs for utilities, rock & mineral products, and lower ID charges all contributed to the decrease of \$1.3 million (-20.5%) in Public Works expenditures compared to the same period last year.

GENERAL FUND EXPENDITURES – continued

Expenditures for Council Offices, the Clerk's Office, the Mayor/City Manager's Offices, Finance, City Attorney, and Personnel Departments were materially consistent with the amounts expended in the prior year, and are at acceptable levels thus far in accordance with current year budget estimates. General City Purposes expenditures during the ten months ended April 30, 2016 were up \$1.3 million (60.3%) compared to the same period last year due to increased interdepartmental charges and special projects costs.

By category, salaries are at reasonable levels and are consistent with the prior year. Public Protection Overtime however, is up \$1.4 million (34.1%) over the same period last year due to spikes in Fire interagency support during fire season, additional police coverage as a result of high crime rates, the addition of 48 new officers in field training, and 69 police officers out on various long term absences. While explainable, it must be noted that actual Public Protection Overtime expenses have already exceeded the annual budget for those costs. Operations and Maintenance costs for the first ten months were up \$2.0 million (9.6%) over the same period last year due to costs for outside legal and consulting fees, special projects, computer software, inventory, landscaping, personal supplies, and training. Interdepartmental charges during the first ten months are up \$2.4 million (10.6%) compared to the same period last year due to new Fleet lease purchase charges, ISD replacement charges, and facilities repair and replacement charges. Expenditures related to Pension Obligation Bonds are recognized when paid.

Expenditures will be monitored and appropriations possibly adjusted throughout the year in accordance with economic conditions and the inflow of General Fund revenues.

ENTERPRISE OPERATING FUNDS

The following summarizes year-to-date revenues and expenditures for major City enterprises.

| Enterprise Fund | Budget | YTD Actual | % of Budget | Prior Year |
|-----------------------------|---------------|----------------|-------------|---------------|
| Community Sanitation | | | | |
| Revenues | 12,484 | 13,152 | 105% | 12,295 |
| Expenditures | (8,500) | (6,058) | 71% | (6,070) |
| Total | 3,984 | 7,094 | | 6,225 |
| Transportation/FAX | | | | |
| Revenues | 41,676 | 17,193 | 41% | 37,848 |
| Expenditures | (30,638) | (22,099) | 72% | (22,160) |
| Total | 11,038 | (4,906) | | 15,688 |
| Airport Operating | | | | |
| Revenues | 26,964 | 30,340 | 113% | 24,546 |
| Expenditures | (14,237) | (10,916) | 77% | (10,475) |
| Total | 12,727 | 19,424 | | 14,071 |
| Sewer System | | | | |
| Revenues | 156,183 | 149,284 | 96% | 104,966 |
| Expenditures | (89,499) | (43,642) | 49% | (38,569) |
| Total | 66,684 | 105,642 | | 66,397 |
| Solid Waste System | | | | |
| Revenues | 31,146 | 27,531 | 88% | 27,887 |
| Expenditures | (29,965) | (22,127) | 74% | (24,762) |
| Total | 1,181 | 5,404 | | 3,125 |
| Water System | | | | |
| Revenues | 127,202 | 107,714 | 85% | 105,333 |
| Expenditures | (99,676) | (49,004) | 49% | (48,941) |
| Total | 27,526 | 58,710 | | 56,392 |

ENTERPRISE OPERATING FUNDS

Actual revenues and expenditures for Enterprise Operations are recorded on the cash basis of accounting for monthly financial reporting purposes, which means revenues are recognized when the cash is receipted and expenses are recognized when the cash is paid. This can result in material timing differences, particularly when grants are involved. Most grants require the City to incur the expenditure before obtaining reimbursement from the granting agency. Transportation/FAX has significant grant-related revenue sources and will accordingly see the greatest impact as a result of these timing differences.

The budgeted figures for Fiscal Year 2016 were established to support the ongoing operations and anticipated capital improvements for each enterprise. The budgeted revenue figures include estimated carryover from the prior year. Actual carryover amounts from Fiscal Year 2015 to Fiscal Year 2016 are noted below, and are reflected in the revenue figures presented above. Because carryover is posted in August, early fiscal year Revenue results may appear high.

Transportation/FAX carryover dropped between fiscal years largely due to State funding (normally received during the month of June) which was received after fiscal year end and deposited on July 6, 2015. Excluding this deposit and carryover, Transportation/FAX YTD Revenues decreased \$13.9 million (-57.5%) compared to the prior year as a result of lower State TDA funding, decreased passenger revenues, and delayed receipt of Federal alternative fuel rebate recently reinstated by Congress. Excluding carryover, Airport Operating and Sewer System YTD Revenues for the first ten months of Fiscal Year 2016 increased \$0.7 million (5.0%) and \$0.4 million (0.9%) respectively compared to the same period last year.

ENTERPRISE OPERATING FUNDS – continued

Community Sanitation had about \$1.9 million more in carryover compared to the budget estimate. The carryover represents 44% of the total revenue received through April 30, 2016. Carryover this year is about \$0.7 million (12.6%) over last year's carryover. Water had slightly less carryover than estimated; but, the carryover of \$46.7 million is 43% of total revenues received through April 30, 2016. Water's carryover this year is up \$5.4 million (13.1%) over last year's carryover.

Sewer expenditures are up \$5.1 million (13.2%) over the same period last year, primarily due to an increase in contract construction expenses. Solid Waste expenditures are down \$2.6 million (-10.6%) due to lower ID charges and landfill tipping fees.

Fiscal Year 2016 Enterprise Operating Carryover Amounts:

Community Sanitation - \$5.8 million

Transportation/FAX - \$0.1 million

Airports - \$15.5 million

Sewer System - \$101.2 million

Solid Waste System - \$2.8 million

Water System - \$46.7 million

CITY DEBT

| Debt Source (in thousands) | Governmental | Business-Type | Principal Outstanding |
|--|------------------|------------------|-----------------------|
| Lease Revenue Bonds: | | | |
| Various Capital Projects | \$28,955 | | \$28,955 |
| No Neighborhood Left Behind/Selland Arena | 20,415 | | 20,415 |
| Parks Impact Fee Projects | 29,655 | \$2,090 | 31,745 |
| City Hall Chiller/Convention Center Improvements | 3,405 | 17,690 | 21,095 |
| Public Safety Impact Fee Projects | 36,710 | | 36,710 |
| City Hall Refinancing/Bee Building/Granite Park | 34,405 | | 34,405 |
| Exhibit Hall Expansion Project | | 18,668 | 18,668 |
| Stadium Project | | 34,425 | 34,425 |
| Judgment Bonds: | | | |
| Pension Obligation Bonds | 145,675 | | 145,675 |
| Judgment Obligation Bonds | 1,025 | | 1,025 |
| Enterprise Bonds: | | | |
| Water | | 146,405 | 146,405 |
| Sewer | | 195,615 | 195,615 |
| Airport | | 52,630 | 52,630 |
| Total Bonds | \$300,245 | \$467,523 | \$767,768 |
| Notes and Loans: | | | |
| CEC – MSC Solar System | \$412 | | \$412 |
| HUD – Regional Medical Center | 525 | | 525 |
| HUD – FMAAA | 470 | | 470 |
| HUD – Neighborhood Streets and Parks | 754 | | 754 |
| CIEDB – Roeding Business Park | 1,787 | | 1,787 |
| SMG – Employee Benefits Cost Reimbursement | | \$362 | 362 |
| State Water Resources Control Board Loans | | 48,889 | 48,889 |
| Total Notes and Loans | \$3,948 | \$49,251 | \$53,199 |
| Capital Leases | \$16,368 | | \$16,368 |
| Total City Debt | \$320,561 | \$516,774 | \$837,335 |

SUMMARY

This report is based on detailed information produced by the City's Finance Department/Accounting Division. If you would like additional information, or have any questions about this report, please call 621-7001.