



City of Fresno
Monthly Financial Report
For the Two Months Ended August 31, 2017
Unaudited – Intended for Internal Management Purposes Only
 (All figures in thousands)

GENERAL FUND AT-A-GLANCE

Category	Amended Budget	YTD Actual	% of Budget	Prior Year Actuals
Revenues	309,778	20,391	7%	26,347
Expenditures	(303,025)	(45,715)	15%	(53,820)
Revenues Over (Under) Expenditures	<u>6,753</u>	<u>(25,324)</u>		<u>(27,473)</u>

GENERAL FUND REVENUES

Revenues	Amended Budget	YTD Actual	% of Budget	Prior Year Actuals
Sales & Use Tax	84,518	7,588	9%	17,503
Prop. 172 Sales Tax	3,092	535	17%	772
Property Tax	126,531	132	0%	0
Business Tax	18,961	1,465	8%	1,589
Franchise Tax	13,487	390	3%	967
Other Local Taxes	13,641	2,695	20%	2,497
Card Room Receipts	1,092	159	15%	170
Charges for Services	16,670	2,717	16%	2,275
Development Fees	17,233	3,065	18%	2,551
Intergovernmental Revenues	6,025	1,303	22%	1,151
Intragovernmental Revenues	13,244	946	7%	797
Transfers In/Out	(16,735)	(936)	6%	(4,302)
All Other Revenue Sources	12,019	332	3%	377
Total General Fund Revenues	<u>309,778</u>	<u>20,391</u>	<u>7%</u>	<u>26,347</u>

ANALYSIS OF GENERAL FUND REVENUES

General Fund revenues for the two months ended August 31, 2017 were \$20.4 million. This is a decrease of \$6.0 million, or -22.6%, below actual revenues during the first two months of last fiscal year. Total revenues at the end of August 2017 are at 6.6% of the annual estimate for Fiscal Year 2018.

Sales Tax revenues during the first two months decreased \$9.9 million (-56.6%) compared to the first two months last fiscal year. This is primarily due to the receipt of \$10.2 million of prior year Sales Tax Swap during July 2016 for which similar revenue was not received in Fiscal Year 2018. Franchise Tax receipts during the first two months of Fiscal Year 2018 are down \$0.6 million (-59.7%) compared to the same period last fiscal year due to timing of when the payments were received.

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. Charges for Services during the first two months of Fiscal Year 2018 increased

\$0.4 million (19.4%) over the same period last fiscal year, mostly due to receipts from Subdivision Inspections and Special Agreements.

Development Fees during the first two months of Fiscal Year 2018 increased \$0.5 million (20.1%) compared to the first two months of last fiscal year primarily due to permit fees, and signs, tents & inspection miscellaneous. Transfers In/Out during the two months ended August 31, 2017 were down \$3.4 million (-78.2%) compared to the same time last year due to a transfer last fiscal year to the Convention Center that was not replicated this year, as well as timing difference in the transfer for City Hall rent, and the Bee Building & Granite Park debt service obligation after the bond refunding in May 2017.

As of August 31st, the City maintained \$23.7 million in the General Fund Emergency Reserve. \$3.2 million of those funds are associated with the repayment of loans made by the City to the former RDA which were received in July 2017. 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	162,035	24,041	15%	25,828
Fire Department	60,444	9,670	16%	11,139
Parks, Recreation & Community Services	13,712	2,341	17%	2,231
Finance/Purchasing/Central Printing	7,188	875	12%	1,597
Public Works	9,654	2,046	21%	1,444
City Council Offices	3,670	402	11%	598
City Clerk's Office	814	125	15%	211
Office of the Mayor/City Manager/Budget	3,938	539	14%	463
Development and Resource Management (DARM)	28,337	3,424	12%	7,453
Personnel	3,149	414	13%	754
City Attorney's Office	5,645	822	15%	968
General City Purposes	9,386	1,016	11%	1,134
Attrition Savings	(4,947)	0	0%	0
Total General Fund Expenditures	303,025	45,715	15%	53,820

GENERAL FUND EXPENDITURES BY TYPE

Expenditure Type	Amended Budget	YTD Actual	% of Budget	Prior Year Actuals
Salaries and Benefits Public Protection	174,447	26,474	15%	31,112
Salaries and Benefits Others	39,091	6,655	17%	7,642
Overtime Public Protection	4,387	1,111	25%	1,133
Overtime Others	60	20	33%	35
Pension Obligation Bonds	12,751	0	0%	0
Operations and Maintenance	35,051	7,360	21%	5,425
Interdepartmental Charges	31,543	2,855	9%	4,695
Capital	5,695	1,240	22%	3,778
Total General Fund Expenditures	303,025	45,715	15%	53,820

ANALYSIS OF GENERAL FUND EXPENDITURES

General Fund expenditures for the two months ended August 31, 2017 were \$45.7 million. This is a decrease of \$8.1 million (-15.1%) from actual General Fund expenditures during the same period last fiscal year.

Comparing the first two months this year with last year, the Police and Fire Departments experienced \$1.8 million (-6.9%) and \$1.5 million (-13.2%) decreases respectively, due primarily to savings in personnel costs. Public Works expenditures increased \$0.6 million (41.7%) during the first two months of Fiscal Year 2017 compared to the same period last fiscal year mostly due to contract construction and costs for rock and mineral products. DARM experienced a \$4.0 million (-54.1%) decrease for the two months ended August 31, 2017 compared to the same period last year mostly due to the purchase and licensing of new software last fiscal year.

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 in accordance with current year budget estimates. The Finance Department expenditures are down due to the timing difference in City Hall rent and the move of Budget Division to the Mayor/City Manager’s Offices.

By category, Salaries/Benefits for Public Protection and Salaries/Benefits for Others experienced \$4.6 million (-14.9%) and \$1.0 million (-12.9%) decreases respectively. Operations and Maintenance for the first two months of FY2018 is up \$1.9 million (35.7%) compared to the same period last year primarily due to professional services, utilities, rock & mineral products, and clothing & personal supplies expenditures.

Interdepartmental Charges during the first two months of FY2018 decreased \$1.8 million (-39.2%) from the same period last year due to delay in billing City Hall rent charge. Capital expenditures during the first two months of Fiscal Year 2018 are down \$2.5 million (-67.2%) compared to last year due to last year’s purchase of new software for DARM.

Expenditures are 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	7,846	1,488	19%	1,585
Carryover	5,266	5,810	110%	6,566
Expenditures	<u>(11,439)</u>	<u>(1,194)</u>	10%	<u>(1,135)</u>
Revenues (Incl Carryover) Over/(Under) Expenditures	<u>1,673</u>	<u>6,104</u>		<u>7,016</u>
Transportation/FAX				
Revenues	30,990	1,171	4%	1,154
Carryover	3,459	1,411	41%	5,003
Expenditures	<u>(34,421)</u>	<u>(4,451)</u>	13%	<u>(4,644)</u>
Revenues (Incl Carryover) Over/(Under) Expenditures	<u>28</u>	<u>(1,869)</u>		<u>1,513</u>
Airport Operating				
Revenues	20,654	3,046	15%	2,402
Carryover	23,623	24,328	103%	20,372
Expenditures	<u>(16,701)</u>	<u>(2,862)</u>	17%	<u>(3,011)</u>
Revenues (Incl Carryover) Over/(Under) Expenditures	<u>27,576</u>	<u>24,512</u>		<u>19,763</u>
Sewer System				
Revenues	71,961	(899)	-1%	577
Carryover	18,954	20,634	109%	101,318
Expenditures	<u>(84,318)</u>	<u>(8,131)</u>	10%	<u>(7,392)</u>
Revenues (Incl Carryover) Over/(Under) Expenditures	<u>6,597</u>	<u>11,604</u>		<u>94,503</u>
Solid Waste System				
Revenues	35,327	5,132	15%	5,166
Carryover	3,257	3,521	108%	3,866
Expenditures	<u>(35,288)</u>	<u>(3,610)</u>	10%	<u>(3,955)</u>
Revenues (Incl Carryover) Over/(Under) Expenditures	<u>3,296</u>	<u>5,043</u>		<u>5,077</u>
Water System				
Revenues	98,658	20,056	20%	18,840
Carryover	57,324	70,997	124%	51,176
Expenditures	<u>(105,473)</u>	<u>(9,111)</u>	9%	<u>(9,356)</u>
Revenues (Incl Carryover) Over/(Under) Expenditures	<u>50,509</u>	<u>81,942</u>		<u>60,660</u>

ANALYSIS OF ENTERPRISE OPERATING FUNDS

Actual revenues and expenditures for Enterprise Operations are recorded on the cash basis of accounting for monthly financial reporting purposes: meaning, 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.

Monthly Financial Report

For the Two Months Ended August 31, 2017

(All figures in thousands)

The budgeted figures for Fiscal Year 2018 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 2017 to Fiscal Year 2018 are treated as a component of operating revenue and are detailed above. Because carryover is posted in August, early fiscal year Revenue results may appear high.

The increased Airport Operating YTD Revenues for the first two months of Fiscal Year 2018 is primarily due to increased carryover this fiscal year of \$4.0 million over carryover reflected in Fiscal Year 2017.

The decreased Sewer System YTD Revenues for the period ended August 31, 2017 is primarily due to decreased carryover this fiscal year of \$80.7 million below carryover reflected in last fiscal year plus the budgeted transfer out to a reserve fund to cover one year's debt service for the tertiary treatment project's Clean Water loan from the State of California.

The increased Water System YTD Revenues for the first two months of this fiscal year is primarily due to increased carryover of \$19.8 million over last year and increased customer charges.

Sewer System expenditures during the first two months of Fiscal Year 2018 increased \$0.7 million (10.0%) compared to last fiscal year primarily due to early encumbrance of funds for handling biosolid waste removal throughout the year.

CITY DEBT

Debt Source (in thousands)	Governmental	Business-Type	Principal Outstanding
Lease Revenue Bonds*:			
Various Capital Projects	\$26,315		\$26,315
No Neighborhood Left Behind/Selland Arena	15,580		15,580
Parks Impact Fee Projects	23,825	\$1,675	25,500
City Hall Chiller/Convention Center Improvements	2,710	15,215	17,925
Public Safety Impact Fee Projects	32,065		32,065
City Hall Refinancing/Bee Building/Granite Park	32,105		32,105
Exhibit Hall Expansion Project		14,306	14,306
Stadium Project		29,390	29,390
Judgment Bonds:			
Pension Obligation Bonds	131,840		131,840
Enterprise Bonds:			
Water		136,190	136,190
Sewer		186,505	186,505
Airport		49,455	49,455
Total Bonds	\$264,440	\$432,736	\$697,176
Notes and Loans:			
HUD – FMAAA	-		-
HUD – Neighborhood Streets and Parks	\$255		\$255
CIEDB – Roeding Business Park	572		572
SMG – Employee Benefits Cost Reimbursement	1,639		1,639
State Water Resources Control Board Loans		\$307	307
Clean Water – Southwest Quadrant		120,348	120,348
Safe Drinking Water Loans		32,176	32,176
Total Notes and Loans		44,865	44,865
Capital Leases	2,466	197,696	200,162
Total City Debt	\$21,266		\$21,266

*The outstanding principal of the Lease Revenue Bonds reflect balances after the bond refinancing completed in May 2017.

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.