



**City of Fresno**  
**Monthly Financial Report**  
**For the Three Months Ended September 30, 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	49,174	16%	37,091
Expenditures	(302,207)	(91,300)	30%	(75,058)
Revenues Over (Under) Expenditures	<u>7,571</u>	<u>(42,126)</u>		<u>(37,967)</u>

**GENERAL FUND REVENUES**

Revenues	Amended Budget	YTD Actual	% of Budget	Prior Year Actuals
Sales & Use Tax	84,518	21,443	25%	25,833
Prop. 172 Sales Tax	3,092	1,024	33%	999
Property Tax	126,531	795	1%	349
Business Tax	18,961	5,780	30%	1,685
Franchise Tax	13,487	1,666	12%	1,514
Other Local Taxes	13,641	4,366	32%	3,743
Card Room Receipts	1,092	336	31%	170
Charges for Services	16,670	5,219	31%	3,370
Development Fees	17,233	5,823	34%	3,841
Intergovernmental Revenues	6,025	2,490	41%	1,372
Intragovernmental Revenues	13,244	2,959	22%	1,585
Transfers In/Out	(16,735)	(3,437)	21%	(8,092)
All Other Revenue Sources	12,019	710	6%	722
Total General Fund Revenues	<u>309,778</u>	<u>49,174</u>	<u>16%</u>	<u>37,091</u>

**ANALYSIS OF GENERAL FUND REVENUES**

General Fund revenues for the three months ended September 30, 2017 were \$33.8 million. This is a decrease of \$3.3 million, or -8.8%, below actual revenues during the first three months of last fiscal year. Total revenues at the end of September 2017 are at 10.9% of the annual estimate for Fiscal Year 2018.

Sales Tax revenues during the first three months decreased \$10.1 million (-39.0%) compared to the first three 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 three months of Fiscal Year 2018 are down \$0.6 million (-38.6%) 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 three months of Fiscal Year 2018

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increased \$0.7 million (20.2%) over the same period last fiscal year, mostly due to receipts from subdivision inspections, special agreements, street work permits, and vehicle release fees.

Development Fees during the first three months of Fiscal Year 2018 increased \$0.6 million (16.1%) compared to the first three months of last fiscal year primarily due to permit fees, code-enforcement, and signs, tents & inspection miscellaneous fees. Intergovernmental Revenues during the first three months increased \$0.9 million (64.8%) from the same period last year mostly due to payment from the RDA Successor Agency, as well as State and Federal grants. Transfers In/Out during the three months ended September 30, 2017 were down \$4.4 million (-54.9%) 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 obligations after the bond refunding in May 2017.

As of September 30<sup>th</sup>, 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**

<b>Expenditure Type</b>	<b>Amended Budget</b>	<b>YTD Actual</b>	<b>% of Budget</b>	<b>Prior Year Actuals</b>
Police Department	161,898	36,496	23%	37,213
Fire Department	60,443	14,342	24%	15,579
Parks, Recreation & Community Services	13,704	3,533	26%	3,347
Finance/Purchasing/Central Printing	7,148	1,406	20%	2,090
Public Works	9,654	2,875	30%	2,043
City Council Offices	3,670	637	17%	883
City Clerk's Office	814	238	29%	255
Office of the Mayor/City Manager/Budget	3,919	852	22%	629
Development and Resource Management (DARM)	28,188	5,379	19%	9,063
Personnel	3,149	683	22%	970
City Attorney's Office	5,645	1,245	22%	1,322
General City Purposes	9,386	1,441	15%	1,664
Attrition Savings	(4,947)	0	0%	0
<b>Total General Fund Expenditures</b>	<b>302,671</b>	<b>69,127</b>	<b>23%</b>	<b>75,058</b>

**GENERAL FUND EXPENDITURES BY TYPE**

<b>Expenditure Type</b>	<b>Amended Budget</b>	<b>YTD Actual</b>	<b>% of Budget</b>	<b>Prior Year Actuals</b>
Salaries and Benefits Public Protection	174,309	39,504	23%	43,453
Salaries and Benefits Others	39,029	9,800	25%	10,432
Overtime Public Protection	4,387	1,858	42%	1,772
Overtime Others	60	36	60%	53
Pension Obligation Bonds	12,751	0	0%	0
Operations and Maintenance	34,887	10,103	29%	7,973
Interdepartmental Charges	31,553	6,300	20%	7,149
Capital	5,695	1,526	27%	4,226
<b>Total General Fund Expenditures</b>	<b>302,671</b>	<b>69,127</b>	<b>23%</b>	<b>75,058</b>

**ANALYSIS OF GENERAL FUND EXPENDITURES**

General Fund expenditures for the three months ended September 30, 2017 were \$69.1 million. This is a decrease of \$5.9 million (-7.9%) from actual General Fund expenditures during the same period last fiscal year.

Comparing the first three months this year with last year, the Police and Fire Departments experienced \$0.7 million (-1.9%) and \$1.2 million (-7.9%) decreases respectively, due primarily to savings in personnel costs. Public Works expenditures increased \$0.8 million (40.7%) during the first three 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 \$3.7 million (-40.6%) decrease for the three months ended September 30, 2017 compared to the same period last year mostly due to the purchase and licensing of new software last fiscal year and timing difference in City Hall rent.

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 \$3.9 million (-9.1%) and \$0.6 million (-6.1%) decreases respectively. Operations and Maintenance for the first three months of FY2018 is up \$2.1 million (26.7%) compared to the same period last year primarily due to professional services, equipment repairs, utilities, rock & mineral products, and clothing & personal supplies expenditures.

Interdepartmental Charges during the first three months of FY2018 decreased \$0.8 million (-11.9%) from the same period last year due to delay in billing City Hall rent charge. Capital expenditures during the first three months of Fiscal Year 2018 are down \$2.7 million (-63.9%) 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.

<b>Enterprise Fund</b>	<b>Budget</b>	<b>YTD Actual</b>	<b>% of Budget</b>	<b>Prior Year</b>
<b>Community Sanitation</b>				
Revenues	7,846	2,260	29%	2,352
Carryover	5,266	5,810	110%	6,566
Expenditures	<u>(11,439)</u>	<u>(2,120)</u>	19%	<u>(1,767)</u>
Revenues (Incl Carryover) Over/(Under) Expenditures	<u>1,673</u>	<u>5,950</u>		<u>7,151</u>
<b>Transportation/FAX</b>				
Revenues	30,990	1,873	6%	2,081
Carryover	3,459	1,411	41%	5,003
Expenditures	<u>(34,421)</u>	<u>(6,430)</u>	19%	<u>(6,508)</u>
Revenues (Incl Carryover) Over/(Under) Expenditures	<u>28</u>	<u>(3,146)</u>		<u>576</u>
<b>Airport Operating</b>				
Revenues	20,654	4,589	22%	3,616
Carryover	23,623	24,328	103%	20,372
Expenditures	<u>(16,701)</u>	<u>(3,999)</u>	24%	<u>(3,996)</u>
Revenues (Incl Carryover) Over/(Under) Expenditures	<u>27,576</u>	<u>24,918</u>		<u>19,992</u>
<b>Sewer System</b>				
Revenues	71,961	5,610	8%	6,630
Carryover	18,954	20,634	109%	101,318
Expenditures	<u>(92,046)</u>	<u>(12,791)</u>	14%	<u>(11,535)</u>
Revenues (Incl Carryover) Over/(Under) Expenditures	<u>(1,131)</u>	<u>13,453</u>		<u>96,413</u>
<b>Solid Waste System</b>				
Revenues	35,327	7,649	22%	7,881
Carryover	3,257	3,521	108%	3,866
Expenditures	<u>(35,288)</u>	<u>(5,898)</u>	17%	<u>(6,350)</u>
Revenues (Incl Carryover) Over/(Under) Expenditures	<u>3,296</u>	<u>5,272</u>		<u>5,397</u>
<b>Water System</b>				
Revenues	98,658	31,496	32%	27,645
Carryover	57,324	70,997	124%	51,176
Expenditures	<u>(105,473)</u>	<u>(15,819)</u>	15%	<u>(17,237)</u>
Revenues (Incl Carryover) Over/(Under) Expenditures	<u>50,509</u>	<u>86,674</u>		<u>61,584</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.

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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.

Community Sanitation and Transportation/FAX decreased YTD Revenues for the first three months of Fiscal Year 2018 are primarily due to decreased carryover this fiscal year of \$0.8 million and \$3.6 million respectively from carryover reflected in Fiscal Year 2017. The increased Airport Operating YTD Revenues for the first three 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 September 30, 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 three 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 three months of Fiscal Year 2018 increased \$1.2 million (10.3%) compared to last fiscal year primarily due to contract construction, and specialty chemicals & gases expenditures. Water System expenditures during the three months ended September 30, 2017 decreased \$1.6 million (-9.3%) compared to the same period last fiscal year mostly due to contract construction.

**CITY DEBT**

<b>Debt Source (in thousands)</b>	<b>Governmental</b>	<b>Business-Type</b>	<b>Principal Outstanding</b>
<b>Lease Revenue Bonds*:</b>			
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		14,017	14,017
Stadium Project		29,390	29,390
<b>Judgment Bonds:</b>			
Pension Obligation Bonds	131,840		131,840
<b>Enterprise Bonds:</b>			
Water		136,190	136,190
Sewer		176,915	176,915
Airport		49,455	49,455
<b>Total Bonds</b>	<b>\$264,440</b>	<b>\$422,857</b>	<b>\$687,297</b>
<b>Notes and Loans:</b>			
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		\$304	304
Clean Water – Southwest Quadrant		120,348	120,348
Safe Drinking Water Loans		32,176	32,176
<b>Total Notes and Loans</b>		<b>44,865</b>	<b>44,865</b>
<b>Capital Leases</b>	<b>2,466</b>	<b>197,693</b>	<b>200,159</b>
<b>Total City Debt</b>	<b>\$20,461</b>		<b>\$20,461</b>

\*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.