



**City of Fresno**  
**Monthly Financial Report**  
**For the Six Months Ended December 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	310,393	106,598	34%	95,475
Expenditures	(301,636)	(147,727)	49%	(148,799)
Revenues Over (Under) Expenditures	<u>8,757</u>	<u>(41,129)</u>		<u>(53,324)</u>

**GENERAL FUND REVENUES**

Revenues	Amended Budget	YTD Actual	% of Budget	Prior Year Actuals
Sales & Use Tax	84,518	37,746	45%	46,336
Prop. 172 Sales Tax	3,092	1,558	50%	1,717
Property Tax	126,531	21,766	17%	840
Business Tax	18,961	11,227	59%	10,614
Franchise Tax	13,487	3,096	23%	3,429
Other Local Taxes	13,641	7,667	56%	7,228
Card Room Receipts	1,092	498	46%	505
Charges for Services	16,670	7,057	42%	6,936
Development Fees	17,233	8,565	50%	8,180
Intergovernmental Revenues	6,025	4,160	69%	2,342
Intragovernmental Revenues	13,244	5,718	43%	4,266
Transfers In/Out	(16,735)	(3,421)	20%	(8,018)
All Other Revenue Sources	12,634	961	8%	11,100
Total General Fund Revenues	<u>310,393</u>	<u>106,598</u>	<u>34%</u>	<u>95,475</u>

**ANALYSIS OF GENERAL FUND REVENUES**

General Fund revenues for the six months ended December 31, 2017 were \$106.6 million. This is an increase of \$11.1 million, or 11.7%, above actual revenues during the first six months of last fiscal year. Total revenues at the end of December 2017 are at 34.3% of the annual estimate for Fiscal Year 2018.

Sales Tax revenues during the first six months decreased \$8.6 million (-18.5%) compared to the first six 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. Property Tax revenues during the six months ended December 31, 2017 increased \$20.9 million due to timing of the VLF Swap received one month earlier this fiscal year than it was received last fiscal year.

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.

**Monthly Financial Report**

For the Six Months Ended December 31, 2017

(All figures in thousands)

Intergovernmental Revenues during the first six months increased \$1.8 million (77.6%) from the same period last year mostly due to reimbursements to the Police Department for school resources officers, payment from the RDA Successor Agency, as well as State and Federal grants. Intragovernmental Revenues during the six months ended December 31, 2017 increased \$1.5 million (34.0%) compared to the same period last fiscal year primarily due to increased variable reimbursements.

Transfers In/Out during the six months ended December 31, 2017 were down \$4.6 million (-57.3%) compared to the same time last year due to a transfer last fiscal year to the Convention Center that was not replicated this year, payoff of the Judgment Obligation Bond last fiscal year, as well as timing difference and savings on debt service obligations after the bond refunding in May 2017. All Other Revenue occurring in the first six months of Fiscal Year 2018 is down \$10.1 million (-91.3%) compared to the first six months of last fiscal year due to timing difference in the posting of General Fund carryover.

As of December 31<sup>st</sup>, the City maintained \$23.8 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	160,955	78,951	49%	76,658
Fire Department	60,443	30,700	51%	31,443
Parks, Recreation & Community Services	13,699	7,468	55%	7,005
Finance/Purchasing/Central Printing	7,033	3,019	43%	3,823
Public Works	9,654	4,971	51%	4,119
City Council Offices	3,670	1,315	36%	1,494
City Clerk's Office	814	398	49%	431
Office of the Mayor/City Manager/Budget	3,890	1,767	45%	1,218
Development and Resource Management (DARM)	27,744	11,309	41%	14,718
Personnel	3,122	1,453	47%	1,769
City Attorney's Office	5,573	2,659	48%	2,559
General City Purposes	9,986	3,717	37%	3,562
Attrition Savings	(4,947)	0	0%	0
<b>Total General Fund Expenditures</b>	<b>301,636</b>	<b>147,727</b>	<b>49%</b>	<b>148,799</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	173,366	84,494	49%	86,472
Salaries and Benefits Others	38,524	20,800	54%	20,267
Overtime Public Protection	4,387	3,949	90%	3,435
Overtime Others	64	80	125%	118
Pension Obligation Bonds	12,750	3,385	27%	3,552
Operations and Maintenance	35,158	18,336	52%	15,964
Interdepartmental Charges	31,677	13,581	43%	14,049
Capital	5,710	3,102	54%	4,942
<b>Total General Fund Expenditures</b>	<b>301,636</b>	<b>147,727</b>	<b>49%</b>	<b>148,799</b>

**ANALYSIS OF GENERAL FUND EXPENDITURES**

General Fund expenditures for the six months ended December 31, 2017 were \$147.7 million. This is a decrease of \$1.1 million (-0.7%) from actual General Fund expenditures during the same period last fiscal year.

Comparing the first six months this year with last year, the Police and Fire Departments experienced \$2.3 million (3.0%) increase and \$0.7 million (-2.4%) decrease respectively, primarily due to increased Police equipment maintenance costs, and savings in Fire personnel costs. Public Works expenditures increased \$0.9 million (20.7%) during the first six months of Fiscal Year 2018 compared to the same period last fiscal year mostly due to contract construction, costs for rock and mineral products, and outside professional services. DARM experienced a \$3.4 million (-23.2%) decrease for the six months ended December 31, 2017 compared to the same period last year mostly due to the purchase and licensing of new software last fiscal year, reduced cost for City Hall Rent after the bond refunding in May 2017, and lower costs for special projects.

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 and Mayor/City Manager expenditures are up mostly due to the move of Budget Division to the Mayor/City Manager’s Office in Fiscal Year 2018. Personnel expenditures during the four months ended December 31, 2017 decreased \$0.3 million (-17.9%) compared to the same period last fiscal year mostly due to reduced cost of City Hall Rent and salary savings.

By category, Salaries/Benefits for Public Protection and Others experienced \$2.0 million (-2.3%) decrease and \$0.5 million (2.6%) increase respectively. Operations and Maintenance for the first six months of FY2018 is up \$2.4 million (14.9%) compared to the same period last year primarily due to professional services, equipment repairs, utilities, rock & mineral products, and special project expenditures.

Capital expenditures during the first six months of Fiscal Year 2018 are down \$1.8 million (-37.2%) 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.

<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	4,613	59%	4,366
Carryover	<u>5,266</u>	<u>5,810</u>	110%	<u>6,566</u>
Available Resources	13,112	10,423	79%	10,932
Expenditures	<u>(11,439)</u>	<u>(4,755)</u>	42%	<u>(3,727)</u>
Available Resources Over/(Under) Expenditures	<u>1,673</u>	<u>5,668</u>		<u>7,205</u>
<b>Transportation/FAX</b>				
Revenues	30,990	4,413	14%	4,311
Carryover	<u>3,459</u>	<u>1,411</u>	41%	<u>5,003</u>
Available Resources	34,449	5,824	17%	9,314
Expenditures	<u>(34,421)</u>	<u>(15,239)</u>	44%	<u>(14,368)</u>
Available Resources Over/(Under) Expenditures	<u>28</u>	<u>(9,415)</u>		<u>(5,054)</u>
<b>Airport Operating</b>				
Revenues	18,701	9,087	49%	7,639
Carryover	<u>23,623</u>	<u>24,328</u>	103%	<u>20,372</u>
Available Resources	42,324	33,415	79%	28,011
Expenditures	<u>(16,701)</u>	<u>(7,690)</u>	46%	<u>(7,185)</u>
Available Resources Over/(Under) Expenditures	<u>25,623</u>	<u>25,725</u>		<u>20,826</u>
<b>Sewer System</b>				
Revenues	74,461	30,404	41%	27,811
Carryover	<u>18,954</u>	<u>20,634</u>	109%	<u>101,318</u>
Available Resources	93,415	51,038	55%	129,129
Expenditures	<u>(92,478)</u>	<u>(32,204)</u>	35%	<u>(25,312)</u>
Available Resources Over/(Under) Expenditures	<u>937</u>	<u>18,834</u>		<u>103,817</u>
<b>Solid Waste System</b>				
Revenues	35,327	15,549	44%	13,617
Carryover	<u>3,257</u>	<u>3,521</u>	108%	<u>3,866</u>
Available Resources	38,584	19,070	49%	17,483
Expenditures	<u>(35,288)</u>	<u>(13,105)</u>	37%	<u>(12,965)</u>
Available Resources Over/(Under) Expenditures	<u>3,296</u>	<u>5,965</u>		<u>4,518</u>
<b>Water System</b>				
Revenues	98,658	63,208	64%	53,845
Carryover	<u>57,324</u>	<u>70,997</u>	124%	<u>51,176</u>
Available Resources	155,982	134,205	86%	105,021
Expenditures	<u>(105,641)</u>	<u>(39,494)</u>	37%	<u>(38,258)</u>
Available Resources Over/(Under) Expenditures	<u>50,341</u>	<u>94,711</u>		<u>66,763</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 received 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 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 carryovers represent about 55.7% and 24.2%, respectively, of total available resources during the first six months of this fiscal year.

Airport Operating YTD Revenues for the first six months of Fiscal Year 2018 increased \$1.4 million (19.0%) primarily due to reduced transfers out to other Airport funds, and increased rental and concession revenue. Airport Operating carryover represents about 72.8% of total available resources through December 31<sup>st</sup>.

Sewer System YTD Revenues for the period ended December 31, 2017 increased \$2.6 million (9.3%) mainly due to increased transfers in from loan proceeds to cover tertiary treatment facility construction costs paid from the operating fund. Sewer System carryover represents about 40.4% of total available resources for the first six months of this fiscal year.

Solid Waste YTD Revenues for the six months ended December 31, 2017 increased \$1.9 million (14.2%) from the same period last fiscal year primarily due to timing difference in the transfer out to the fleet replacement fund. Solid Waste carryover represents about 18.5% of total available resources for the first six months of this fiscal year.

Water System YTD Revenues for the first six months of this fiscal year increased \$9.4 million (17.4%) primarily due to increased customer charges. Water System carryover represents about 52.9% of total available resources through December 31, 2017.

Community Sanitation expenditures during the first six months of Fiscal Year 2018 increased \$1.0 million (27.6%) mostly due to costs for personnel, interdepartmental charges for projects, and specialized services. Sewer System expenditures during the first six months of Fiscal Year 2018 increased \$6.9 million (27.2%) compared to last fiscal year primarily due to contract construction, and costs for specialty chemicals & gases. Water System expenditures during the six months ended December 31, 2017 increased \$1.2 million (3.2%) compared to the same period last fiscal year mostly due to contract construction, outside repairs of improvements, and fees for water purchases.

**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	\$25,570		\$25,570
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>\$263,695</b>	<b>\$422,857</b>	<b>\$686,552</b>
<b>Notes and Loans:</b>			
HUD – FMAAA	\$255		\$255
HUD – Neighborhood Streets and Parks	572		572
CIEDB – Roeding Business Park	1,639		1,639
SMG – Employee Benefits Cost Reimbursement		\$294	294
State Water Resources Control Board Loans		130,138	130,138
Clean Water – Southwest Quadrant		32,250	32,250
Safe Drinking Water Loans		44,821	44,821
<b>Total Notes and Loans</b>	<b>2,466</b>	<b>207,503</b>	<b>209,969</b>
<b>Capital Leases</b>	<b>\$22,594</b>		<b>\$22,594</b>
<b>Total City Debt</b>	<b>\$288,755</b>	<b>\$630,360</b>	<b>\$919,115</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.