



City of Fresno
Monthly Financial Report
For the Six Months Ended December 31, 2018
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	331,951	130,337	39%	106,598
Expenditures	(326,960)	(151,757)	46%	(147,727)
Revenues Over (Under) Expenditures	<u>4,991</u>	<u>(21,420)</u>		<u>(41,129)</u>

GENERAL FUND REVENUES

Revenues	Amended Budget	YTD Actual	% of Budget	Prior Year Actuals
Sales & Use Tax	97,665	38,986	40%	37,746
Prop. 172 Sales Tax	3,156	1,611	51%	1,558
Property Tax	131,683	23,444	18%	21,766
Business Tax	19,640	11,183	57%	11,227
Franchise Tax	14,350	3,166	22%	3,096
Other Local Taxes	14,544	8,348	57%	7,667
Card Room Receipts	971	507	52%	498
Charges for Services	16,519	7,997	48%	7,057
Development Fees	19,266	8,689	45%	8,565
Intergovernmental Revenues	10,492	6,444	61%	4,160
Intragovernmental Revenues	14,591	6,239	43%	5,718
Transfers In/Out	(31,856)	(5,549)	17%	(3,421)
All Other Revenue Sources	20,930	19,272	92%	961
Total General Fund Revenues	<u>331,951</u>	<u>130,337</u>	<u>39%</u>	<u>106,598</u>

ANALYSIS OF GENERAL FUND REVENUES

General Fund revenues for the six months ended December 31, 2018 were \$130.3 million. This is an increase of \$23.7 million, or 22.3%, above actual revenues during the first six months of last fiscal year. Total revenues at the end of December 2018 are at 39.3% of the annual estimate for Fiscal Year 2019.

Sales Tax revenues during the first six months of Fiscal Year 2019 increased \$1.2 million (3.3%) compared to the first six months last fiscal year. Property Tax revenues during the six months ended December 31, 2018 increased \$1.7 million (7.7%) compared to last year due to increased VLF Swap revenue and higher amount of delinquent property taxes and penalties received. Other Local Taxes during the first six months of Fiscal Year 2019 increased \$0.7 million (8.9%) compared to the same period last year mainly due to increased Room Tax and Real Estate Transfer Tax revenues.

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, 2018

(All figures in thousands)

Charges for Services during the six months ended December 31, 2018 increased \$0.9 million (13.3%) compared to the same period last year mostly due to higher revenues from vehicle releases, plan check and inspection fees, and conditional use and street work permits. Intergovernmental Revenues occurring in the first six months of Fiscal Year 2019 increased \$2.3 million (54.9%) compared to the first six months of last fiscal year mostly due to repayment from the RDA Successor Agency.

Transfers Out during the six months ended December 31, 2018 increased \$2.1 million (62.2%) compared to the same period last fiscal year mostly due to timing of debt service payments, and transfers to Solid Waste for landfill costs. All Other Revenue during the first six months of Fiscal Year 2019 increased \$18.3 million compared to the first six months of last fiscal year mostly due to timing difference in the posting of General Fund carryover.

As of December 31st, the City maintained \$24.2 million in the General Fund Emergency Reserve. The balance is up from the beginning of the fiscal year due to interest/investment revenue. 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	169,508	82,510	49%	78,951
Fire Department	65,877	31,034	47%	30,700
Parks, Recreation & Community Services	18,956	6,983	37%	7,468
Finance/Purchasing/Central Printing	7,154	3,202	45%	3,019
Public Works	9,697	4,159	43%	4,971
City Council Offices	4,381	1,554	35%	1,315
City Clerk's Office	910	386	42%	398
Office of the Mayor/City Manager/Budget	4,134	2,043	49%	1,767
Development and Resource Management (DARM)	30,512	11,837	39%	11,309
Personnel	3,224	1,532	48%	1,453
City Attorney's Office	6,331	3,144	50%	2,659
General City Purposes	11,723	3,373	29%	3,717
Attrition Savings	(5,447)	0	0%	0
Total General Fund Expenditures	326,960	151,757	46%	147,727

GENERAL FUND EXPENDITURES BY TYPE

Expenditure Type	Amended Budget	YTD Actual	% of Budget	Prior Year Actuals
Salaries and Benefits Public Protection	182,271	90,265	50%	84,494
Salaries and Benefits Others	41,590	22,620	54%	20,800
Overtime Public Protection	4,787	3,869	81%	3,949
Overtime Others	68	99	146%	80
Pension Obligation Bonds	12,720	3,187	25%	3,385
Operations and Maintenance	40,675	16,216	40%	18,336
Interdepartmental Charges	26,696	11,965	45%	13,581
Capital	18,153	3,536	19%	3,102
Total General Fund Expenditures	326,960	151,757	46%	147,727

ANALYSIS OF GENERAL FUND EXPENDITURES

General Fund expenditures for the six months ended December 31, 2018 were \$151.8 million. This is an increase of \$4.0 million (2.7%) 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 increases of \$3.6 million (4.5%) and \$0.3 million (1.1%) respectively. The changes in those two departments' expenditures are primarily due to increased Police and Fire personnel costs which were partially offset by savings on rent for Fire Headquarters.

Public Works expenditures decreased \$0.8 million (-16.3%) during the first six months of Fiscal Year 2019 compared to the same period last fiscal year mostly due to lower contract construction expenditures, and a drop in the cost for rock and mineral products.

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. City Attorney's Office expenditures increased \$0.5 million (18.2%) during the first six months of Fiscal Year 2019 compared to the same period last fiscal year mostly due to increased salaries and benefits, and fees for outside legal services.

By category, Salaries/Benefits for Public Protection and Others increased \$5.8 million (6.8%) and \$1.8 million (8.8%) respectively during the first six months of Fiscal Year 2019 compared to the same period last year. Overtime for Public Protection during the six months ended December 31, 2018 remained virtually unchanged compared to the same period last year.

Operations and Maintenance for the first six months of FY2019 is down \$2.1 million (-11.6%) compared to the same period last year primarily due to lower costs for professional and specialized services, rock and mineral products, Parks special projects, and lower rent due to purchase of Fire Headquarters. Interdepartmental Charges for the first six months of FY2019 decreased \$1.6 million (-11.9%) primarily due to lower Fleet charges.

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	8,296	3,772	45%	4,613
Carryover	<u>3,265</u>	<u>3,954</u>	121%	<u>5,810</u>
Available Resources	11,561	7,726	67%	10,423
Expenditures	<u>(11,494)</u>	<u>(5,098)</u>	44%	<u>(4,755)</u>
Available Resources Over/(Under) Expenditures	<u>67</u>	<u>2,628</u>		<u>5,668</u>
Transportation/FAX				
Revenues	31,791	6,557	21%	4,413
Carryover	<u>196</u>	<u>(2,640)</u>	-1347%	<u>1,411</u>
Available Resources	31,987	3,917	12%	5,824
Expenditures	<u>(30,172)</u>	<u>(16,279)</u>	54%	<u>(15,239)</u>
Available Resources Over/(Under) Expenditures	<u>1,815</u>	<u>(12,362)</u>		<u>(9,415)</u>
Airport Operating				
Revenues	12,789	9,263	72%	9,087
Carryover	<u>32,396</u>	<u>34,316</u>	106%	<u>24,328</u>
Available Resources	45,185	43,579	96%	33,415
Expenditures	<u>(17,561)</u>	<u>(8,314)</u>	47%	<u>(7,690)</u>
Available Resources Over/(Under) Expenditures	<u>27,624</u>	<u>35,265</u>		<u>25,725</u>
Sewer System				
Revenues	87,338	25,333	29%	30,404
Carryover	<u>35,991</u>	<u>41,100</u>	114%	<u>20,634</u>
Available Resources	123,329	66,433	54%	51,038
Expenditures	<u>(109,097)</u>	<u>(24,620)</u>	23%	<u>(32,204)</u>
Available Resources Over/(Under) Expenditures	<u>14,232</u>	<u>41,813</u>		<u>18,834</u>
Solid Waste System				
Revenues	38,640	16,604	43%	15,549
Carryover	<u>2,846</u>	<u>3,035</u>	107%	<u>3,521</u>
Available Resources	41,486	19,639	47%	19,070
Expenditures	<u>(38,432)</u>	<u>(14,998)</u>	39%	<u>(13,105)</u>
Available Resources Over/(Under) Expenditures	<u>3,054</u>	<u>4,641</u>		<u>5,965</u>
Water System				
Revenues	117,542	72,175	61%	63,208
Carryover	<u>89,909</u>	<u>89,619</u>	100%	<u>70,997</u>
Available Resources	207,451	161,794	78%	134,205
Expenditures	<u>(120,426)</u>	<u>(45,122)</u>	37%	<u>(39,494)</u>
Available Resources Over/(Under) Expenditures	<u>87,025</u>	<u>116,672</u>		<u>94,711</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 2019 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 2018 to Fiscal Year 2019 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 carryover represents about 51.2% of total available resources during the first six months of this fiscal year. Transportation/FAX YTD Revenues for the first six months of Fiscal Year 2019 increased \$2.1 million (48.6%) from the same period last fiscal year mainly due to timing of the State TDA payment. Airport Operating carryover represents about 78.7% of total available resources through December 31st.

Sewer System YTD Revenues for the six months ended December 31, 2018 decreased \$5.1 million (-16.7%) primarily due to a large transfer in last year for which there is no similar transfer this year. Sewer System carryover represents about 61.9% of total available resources for the first six months of this fiscal year. Solid Waste Revenues for the first six months of Fiscal Year 2019 increased \$1.1 million (6.8%) primarily due to transfers in this year for which there were no similar transfers last fiscal year. Solid Waste carryover represents about 15.5% 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 \$9.0 million (14.2%) primarily due to increased customer charges and a PG&E refund related to the Southeast Water Treatment Facility for which there was no similar payment last year. Water System carryover represents about 55.4% of total available resources through December 31, 2018.

Transportation/FAX expenditures for the first six months of Fiscal Year 2019 increased \$1.0 million (6.8%) compared to the same period last fiscal year primarily due to increased costs for salaries and benefits, transverse charge, and the Handy Ride contract. Sewer System expenditures for the first six months of this fiscal year decreased \$7.6 million (-23.5%) compared to the same period last fiscal year primarily due to lower contract construction costs.

Solid Waste expenditures for the first six months of this fiscal year increased \$1.9 million (14.4%) compared to the same period last fiscal year mostly due to increased costs for Fleet charges, landfill tipping fees, professional and technical services, transverse charge, and salaries and benefits. Water System expenditures during the six months ended December 31, 2018 increased \$5.6 million (14.3%) compared to the same period last fiscal year mostly due to costs for specialty chemicals, interest on loans, engineering & design services, and contract construction.

CITY DEBT

Debt Source (in thousands)	Governmental	Business-Type	Principal Outstanding
Lease Revenue Bonds:			
Various Capital Projects	\$24,780		\$24,780
No Neighborhood Left Behind/Selland Arena	12,945		12,945
Parks Impact Fee Projects	22,965	\$1,615	24,580
City Hall Chiller/Convention Center Improvements	2,710	13,315	16,025
Public Safety Impact Fee Projects	32,065		32,065
City Hall Refinancing/Bee Building/Granite Park	29,020		29,020
Exhibit Hall Expansion Project		13,742	13,742
Stadium Project		28,035	28,035
Judgment Bonds:			
Pension Obligation Bonds	124,245		124,245
Enterprise Bonds:			
Water		130,725	130,725
Sewer*		34,285	34,285
Airport		47,715	47,715
Total Bonds	\$248,730	\$269,432	\$518,162
Notes and Loans:			
HUD – FMAAA	\$135		\$135
HUD – Neighborhood Streets and Parks	472		472
CIEDB – Roeding Business Park	1,561		1,561
SMG – Employee Benefits Cost Reimbursement		\$253	253
State Water Resources Control Board Loans		314,903	314,903
Clean Water – Southwest Quadrant		25,420	25,420
Safe Drinking Water Loans		42,105	42,105
Total Notes and Loans	\$2,168	\$382,681	\$384,849
Capital Leases	30,174		30,174
Total City Debt	\$281,072	\$652,113	\$933,185

* Partial defeasance of Sewer 2008 Bonds during September 2018 reduced principal by \$132.5 million.

SUMMARY AND CONTACT INFORMATION

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.