



City of Fresno
Monthly Financial Report
For the Five Months Ended November 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	309,793	69,891	23%	80,269
Expenditures	(301,614)	(117,447)	39%	(120,526)
Revenues Over (Under) Expenditures	<u>8,179</u>	<u>(47,556)</u>		<u>(40,257)</u>

GENERAL FUND REVENUES

Revenues	Amended Budget	YTD Actual	% of Budget	Prior Year Actuals
Sales & Use Tax	84,518	29,035	34%	38,862
Prop. 172 Sales Tax	3,092	1,260	41%	1,442
Property Tax	126,531	839	1%	465
Business Tax	18,961	10,641	56%	10,098
Franchise Tax	13,487	2,517	19%	2,938
Other Local Taxes	13,641	6,423	47%	5,937
Card Room Receipts	1,092	417	38%	419
Charges for Services	16,670	6,106	37%	5,548
Development Fees	17,233	7,269	42%	6,573
Intergovernmental Revenues	6,025	3,641	60%	1,728
Intragovernmental Revenues	13,244	4,366	33%	3,317
Transfers In/Out	(16,735)	(3,401)	20%	(8,018)
All Other Revenue Sources	12,034	778	6%	10,960
Total General Fund Revenues	<u>309,793</u>	<u>69,891</u>	<u>23%</u>	<u>80,269</u>

ANALYSIS OF GENERAL FUND REVENUES

General Fund revenues for the five months ended November 30, 2017 were \$69.9 million. This is a decrease of \$10.4 million, or -12.9%, below actual revenues during the first five months of last fiscal year. Total revenues at the end of November 2017 are at 22.6% of the annual estimate for Fiscal Year 2018.

Sales Tax revenues during the first five months decreased \$9.8 million (-25.3%) compared to the first five 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 five months ended November 30, 2017 increased \$0.4 million (80.4%) due to supplemental and delinquent taxes.

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.

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Development Fees during the first five months of Fiscal Year 2018 increased \$0.7 million (10.6%) compared to the first five months of last fiscal year primarily due to growth in permit fees, parking fees, and signs, tents & inspection miscellaneous fees. Intergovernmental Revenues during the first five months increased \$1.9 million (110.7%) 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.

Transfers In/Out during the five months ended November 30, 2017 were down \$4.6 million (-57.6%) 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 five months of Fiscal Year 2018 is down \$10.2 million (-92.9%) compared to the first five months of last fiscal year due timing difference in the posting of General Fund carryover.

As of November 30th, 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

Expenditure Type	Amended Budget	YTD Actual	% of Budget	Prior Year Actuals
Police Department	161,262	62,118	39%	61,593
Fire Department	60,443	24,485	41%	25,546
Parks, Recreation & Community Services	13,699	6,148	45%	5,592
Finance/Purchasing/Central Printing	7,067	2,373	34%	3,176
Public Works	9,654	4,219	44%	3,464
City Council Offices	3,670	1,032	28%	1,263
City Clerk's Office	814	354	44%	368
Office of the Mayor/City Manager/Budget	3,906	1,399	36%	977
Development and Resource Management (DARM)	27,876	9,211	33%	12,246
Personnel	3,139	1,150	37%	1,447
City Attorney's Office	5,645	2,056	36%	2,048
General City Purposes	9,386	2,902	31%	2,806
Attrition Savings	(4,947)	0	0%	0
Total General Fund Expenditures	301,614	117,447	39%	120,526

GENERAL FUND EXPENDITURES BY TYPE

Expenditure Type	Amended Budget	YTD Actual	% of Budget	Prior Year Actuals
Salaries and Benefits Public Protection	173,673	65,248	38%	68,067
Salaries and Benefits Others	38,789	16,191	42%	16,175
Overtime Public Protection	4,387	3,006	69%	2,888
Overtime Others	64	67	105%	96
Pension Obligation Bonds	12,751	3,385	27%	3,552
Operations and Maintenance	34,589	15,666	45%	12,953
Interdepartmental Charges	31,651	11,232	35%	11,956
Capital	5,710	2,652	46%	4,839
Total General Fund Expenditures	301,614	117,447	39%	120,526

ANALYSIS OF GENERAL FUND EXPENDITURES

General Fund expenditures for the five months ended November 30, 2017 were \$117.4 million. This is a decrease of \$3.1 million (-2.6%) from actual General Fund expenditures during the same period last fiscal year.

Comparing the first five months this year with last year, the Police and Fire Departments experienced \$0.5 million (0.9%) increase and \$1.1 million (-4.2%) decrease respectively, primarily due to increased Police equipment maintenance costs and savings in Fire personnel costs. Public Works expenditures increased \$0.8 million (21.8%) during the first five 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 \$3.0 million (-24.8%) decrease for the five months ended November 30, 2017 compared to the same period last year mostly due to the purchase and licensing of new software last fiscal year and reduced cost for City Hall Rent after the bond refunding in May 2017.

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 November 30, 2017 decreased \$0.3 million (-20.5%) 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 experienced \$2.8 million (-4.1%) decrease while Salaries/Benefits Others remained approximately the same as last year. Operations and Maintenance for the first five months of FY2018 is up \$2.7 million (20.9%) compared to the same period last year primarily due to professional services, utilities, equipment repairs, computer software, and rock & mineral products expenditures.

Capital expenditures during the first five months of Fiscal Year 2018 are down \$2.2 million (-45.2%) 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	3,841	49%	3,900
Carryover	5,266	5,810	110%	6,566
Expenditures	<u>(11,439)</u>	<u>(3,739)</u>	33%	<u>(3,004)</u>
Revenues (Incl Carryover) Over/(Under) Expenditures	<u>1,673</u>	<u>5,912</u>		<u>7,462</u>
Transportation/FAX				
Revenues	30,990	4,046	13%	3,758
Carryover	3,459	1,411	41%	5,003
Expenditures	<u>(34,421)</u>	<u>(11,513)</u>	33%	<u>(11,511)</u>
Revenues (Incl Carryover) Over/(Under) Expenditures	<u>28</u>	<u>(6,056)</u>		<u>(2,750)</u>
Airport Operating				
Revenues	18,701	7,901	42%	6,406
Carryover	23,623	24,328	103%	20,372
Expenditures	<u>(16,701)</u>	<u>(6,422)</u>	38%	<u>(6,016)</u>
Revenues (Incl Carryover) Over/(Under) Expenditures	<u>25,623</u>	<u>25,807</u>		<u>20,762</u>
Sewer System				
Revenues	71,961	24,257	34%	20,384
Carryover	18,954	20,634	109%	101,318
Expenditures	<u>(92,478)</u>	<u>(27,244)</u>	29%	<u>(20,320)</u>
Revenues (Incl Carryover) Over/(Under) Expenditures	<u>(1,563)</u>	<u>17,647</u>		<u>101,382</u>
Solid Waste System				
Revenues	35,327	13,049	37%	12,919
Carryover	3,257	3,521	108%	3,866
Expenditures	<u>(35,288)</u>	<u>(10,284)</u>	29%	<u>(10,344)</u>
Revenues (Incl Carryover) Over/(Under) Expenditures	<u>3,296</u>	<u>6,286</u>		<u>6,441</u>
Water System				
Revenues	98,658	54,559	55%	46,562
Carryover	57,324	70,997	124%	51,176
Expenditures	<u>(105,641)</u>	<u>(29,305)</u>	28%	<u>(31,251)</u>
Revenues (Incl Carryover) Over/(Under) Expenditures	<u>50,341</u>	<u>96,251</u>		<u>66,487</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 five 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. Community Sanitation and Transportation/FAX carryovers represent about 60.2% and 25.9%, respectively, of total revenues during the first five months of this fiscal year.

The increased Airport Operating YTD Revenues for the first five 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 as well as reduced transfers out to other Airport funds. Airport Operating carryover represents about 75.5% of total revenues through November 30th.

The decreased Sewer System YTD Revenues for the period ended November 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. Sewer System carryover represents about 46.0% of total revenues for the first five months of this fiscal year.

The increased Water System YTD Revenues for the first five months of this fiscal year is primarily due to increased carryover of \$19.8 million over last year and increased customer charges. Water System carryover represents about 56.5% of total revenues through November 30, 2017.

Sewer System expenditures during the first five months of Fiscal Year 2018 increased \$8.1 million (49.4%) compared to last fiscal year primarily due to contract construction, and costs for specialty chemicals & gases. Water System expenditures during the five months ended November 30, 2017 decreased \$3.6 million (-15.6%) compared to the same period last fiscal year mostly due to contract construction, equipment purchases, and fees for June 2016 water purchases paid at the beginning of FY2017 for which no similar expenditure was made during FY2018.

CITY DEBT

Debt Source (in thousands)	Governmental	Business-Type	Principal Outstanding
Lease Revenue Bonds*:			
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
Judgment Bonds:			
Pension Obligation Bonds	131,840		131,840
Enterprise Bonds:			
Water		136,190	136,190
Sewer		176,915	176,915
Airport		49,455	49,455
Total Bonds	\$263,695	\$422,857	\$686,552
Notes and Loans:			
HUD – FMAAA	\$255		\$255
HUD – Neighborhood Streets and Parks	572		572
CIEDB – Roeding Business Park	1,639		1,639
SMG – Employee Benefits Cost Reimbursement		\$297	297
State Water Resources Control Board Loans		129,246	129,246
Clean Water – Southwest Quadrant		32,176	32,176
Safe Drinking Water Loans		44,821	44,821
Total Notes and Loans	\$2,466	\$206,540	\$209,006
Capital Leases	\$22,936		\$22,936
Total City Debt	\$289,097	\$629,397	\$918,494

*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.