



# Quarterly Financial Report

## First Quarter FY 2016-17

Ending September 30, 2016

October 27, 2016

**OVERVIEW-** The first quarter report for fiscal year 2017 for the City of Paso Robles concentrates on **General and Enterprise Funds**. With only the first quarter of the fiscal year complete, it is too early to identify any major financial trends. The City's annual audit is still in the process of being completed, therefore, beginning fund balances are considered *estimates* at the time of this report.

**GENERAL FUND SUMMARY** – With 25% of the year complete, General Fund revenues are at 11.9% of projections based on the receipt of revenues later in the fiscal year. Expenditures are also under budget at 16.4% mainly due to salary accruals for FY 16, lower operating costs and capital improvement projects that are still in process, summarized below:

Changes in General Fund (GF)	Revised Budget	YTD Actuals	Percent
Revenues*	\$ 39,427,591	\$ 4,699,709	11.9%
Expenditures*	42,832,254	7,017,942	16.4%
<b>Revenues Over (Under) Expenditures</b>	<b>\$ (3,404,663)</b>	<b>\$ (2,318,233)</b>	
Fund Balance, Start of Year	28,944,904	28,944,904	
Fund Balance, Year-to Date	\$ 25,540,241	\$ 26,626,671	

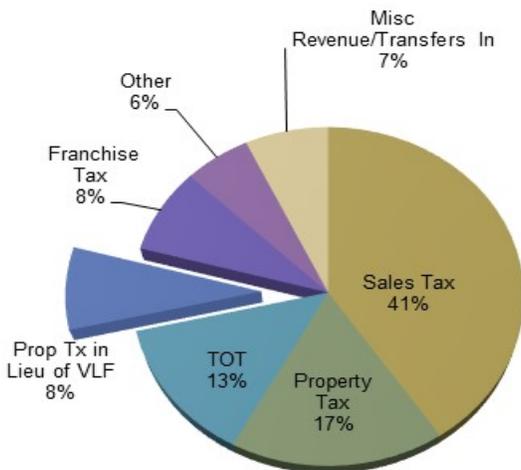
\*Revenues and Expenditures include Transfers

**Budget to Actual-** Overall, these key revenues are performing as projected based on revised estimates, payment schedules and past trends for the first quarter. Any significant variances are noted below:

Top Ten Revenues	Revised Budget	YTD Actuals	% Recv'd	Comments
Sales Tax	\$ 14,404,000	\$ 1,418,093	9.8%	Only one month received
Property Tax	6,164,000	214,376	3.5%	1st apportionment received in January 2017
Transient Occupancy Tax (Hotel Tax)	4,797,000	939,764	19.6%	Comparable to last year
Property Tax in Lieu of VLF	2,800,000	-	0.0%	1st receipt in January 2017
Franchise Taxes	2,866,000	313,884	11.0%	PG&E/SCG recv'd in April 2017
Building Permit Fees	777,500	278,635	35.8%	More remodels, larger projects
Business Licenses	550,600	479,748	87.1%	Renewal cycle in Q1
Prop 172 Sales Tax				
Public Safety	387,000	69,597	18.0%	Comparable to FY 2015-16
Recreation Program Fees	302,000	105,130	34.8%	Higher due to Centennial Pool re-opening
Misc Revenue/Transfers In	2,496,916	591,698	23.7%	This mainly accounts for funding for various projects
<b>Total</b>	<b>\$ 35,545,016</b>	<b>\$ 4,410,925</b>	<b>12.4%</b>	

**Top Ten Revenues** - The top ten account for 91% of GF revenues.

### Top Ten Revenues



**Revenue Comparison by Year-**The top ten revenues for the first quarter of FY 2016-17 are \$1.5 lower in total compared to the prior first quarter of FY 2015-16 as shown below:

Top Ten Revenues	FY 2015-16	FY 2016-17	Incr(Decr)
Sales Tax	\$ 1,094,365	\$ 1,418,093	\$ 323,728
Property Tax	57,637	214,376	156,739
Transient Occupancy Tax	931,660	939,764	8,104
Property Tax in Lieu of VLF	-	-	-
Franchise Taxes	369,346	313,884	(55,462)
Building Permit Fees	234,581	278,635	44,054
Business Licenses	454,026	479,748	25,722
Prop 172 Sales Tax Public Safety	68,314	69,597	1,283
Recreation Program Fees	81,649	105,130	23,481
Misc Revenue/Transfers In	2,597,968	591,698	(2,006,270)
<b>Total</b>	<b>\$ 5,889,546</b>	<b>\$ 4,410,925</b>	<b>\$ (1,478,621)</b>

## Expenditures

**Budget to Actual-** Operating costs are at 16.4% or 8.6% below budget projections for the first quarter as summarized below:

Expenditures By Type	Revised Budget	YTD Actuals	Percent
Staffing	\$ 20,176,745	\$ 4,454,054	22.1%
Maintenance & Operations	8,588,735	1,602,621	18.7%
Debt Service	587,833	202,045	34.4%
Capital Outlay	13,145,489	681,021	5.2%
Misc/Transfers	333,452	78,201	23.5%
<b>Total</b>	<b>\$ 42,832,254</b>	<b>\$ 7,017,942</b>	<b>16.4%</b>

**Significant Variances-** Expenditures are below budget by \$3.7M mainly due to unanticipated salaries and benefits savings, unanticipated lower operating costs, and capital projects still in process. These significant variances for expenditures are shown below:

Expenditure By Type	Revised Budget		Over/(Under)		Comments
	Budget	YTD Actuals	Q1 Budget		
Staffing	\$ 20,176,745	\$ 4,454,054	\$ (590,132)		Lower due to FY 16 salary accrual
<b>Operating:</b>					
Attorney Fees	990,000	75,892	(171,608)		Charges for attorney fees are down in CMO, PD, PW & CD
Fuel & Oil	322,100	39,866	(40,659)		Fuel costs lower than estimated
Professional Svcs	1,415,055	179,942	(173,822)		Professional services lower than anticipated in CMO, PW, LRS & CD
Annual Maintenance Contracts	471,058	81,758	(36,007)		Lower due to annual contracts paid later in the year
R&M General/Facilities	873,280	49,093	(169,227)		R&M lower than anticipated for the 1st qtr
Vehicle Maintenance	165,300	13,129	(28,196)		Lower than anticipated
Liability/Prop Ins	1,200,000	426,499	126,499		Higher due to annual insurance payments made in 1st qtr
<b>Total Operating</b>	<b>5,436,793</b>	<b>866,179</b>	<b>(493,019)</b>		
Debt Service	522,475	182,450	51,831		Higher due to some annual loan payments due in the 1st qtr
Capital Outlay	13,145,489	681,021	(2,605,351)		Incl's projects delayed or in process

Operating expenditures **by department** are summarized below:

Expenditures By Department	Revised Budget	YTD Actuals	Percent
City Council	\$ 177,109	\$ 27,971	15.8%
City Manager	2,945,420	672,239	22.8%
Administrative Services	1,005,900	229,614	22.8%
Police	10,416,517	2,173,833	20.9%
Emergency Services (Fire)	5,703,412	1,437,567	25.2%
Public Works**	19,664,344	1,933,505	9.8%
Library and Recreation Services	3,071,651	739,789	24.1%
Community Development	2,996,277	610,274	20.4%
Transfers & Non-Departmental	(3,148,376)	(806,850)	25.6%
<b>Total</b>	<b>\$ 42,832,254</b>	<b>\$ 7,017,942</b>	<b>16.4%</b>

\*\*Public Works expenditures include capital improvement projects that are currently in process.

## ENTERPRISE FUNDS

In general, Enterprise Fund revenues and expenditures are consistent with past trends. Expenditures are down for Water, Sewer and Airport Funds mainly due to capital projects that have not started or are still in process. Debt service payments for Water and Sewer include high annual amounts paid in the first quarter. Depreciation expense is not included with the information below.

### Water Fund

Working Capital	Revised Budget	YTD Actuals	Percent
Revenues	\$ 14,904,000	\$ 3,901,178	26.2%
Expenditures			
Operating programs	7,808,790	1,282,439	16.4%
CIP projects	7,165,649	146,293	2.0%
Debt Service***	3,937,354	5,044,485	128.1%
Transfers Out	5,000	1,250	25.0%
<b>Total Expenditures</b>	<b>18,916,793</b>	<b>6,474,467</b>	<b>34.2%</b>
<b>Revenues Over (Under) Expenditures</b>	<b>(4,012,793)</b>	<b>(2,573,289)</b>	
Balance, Start of Year	8,304,091	8,304,091	
Balance, Year-to-Date	\$ 4,291,298	\$ 5,730,802	

\*\*\*The Water Fund's debt service includes a \$5M payment in July 2016 to San Luis Obispo County for the Nacimiento Pipeline Project.

### Sewer Fund

Working Capital	Revised Budget	YTD Actuals	Percent
Revenues	\$ 15,821,100	\$ 2,892,862	18.3%
Expenditures			
Operating programs	6,715,033	1,329,465	19.8%
CIP projects	11,060,451	367,466	3.3%
Debt Service****	2,832,558	1,721,434	60.8%
Transfers Out		(21)	
<b>Total Expenditures</b>	<b>20,608,042</b>	<b>3,418,344</b>	<b>16.6%</b>
<b>Revenues Over (Under) Expenditures</b>	<b>(4,786,942)</b>	<b>(525,482)</b>	
Balance, Start of Year	7,863,785	7,863,785	
Balance, Year-to-Date	\$ 3,076,843	\$ 7,338,303	

\*\*\*\*The Sewer Fund's debt service includes a \$1.7M payment in September 2016 to State Water Resources Control Board for the new treatment plant.

### Airport Fund

Working Capital	Revised Budget	YTD Actuals	Percent
Revenues	\$ 1,091,259	\$ 207,755	19.0%
Expenditures			
Operating programs	461,371	107,634	23.3%
CIP projects	7,662,163	31,339	0.4%
Debt Service	22,980	427	1.9%
<b>Total Expenditures</b>	<b>8,146,514</b>	<b>139,400</b>	<b>1.7%</b>
<b>Revenues Over (Under) Expenditures</b>	<b>(7,055,255)</b>	<b>68,355</b>	
Balance, Start of Year	2,029,004	2,029,004	
Balance, Year-to-Date	\$ (5,026,251)	\$ 2,097,359	

REPORT PREPARED BY - This summary is based on detailed information prepared by Administrative Services. Please call 237-3999 if you would like additional information.

