

Third Quarter Performance Report

Fiscal Year 2016-17



Downtown Roundabout, Roseville, California

Fiscal Year 2017

Third Quarter Report

Introduction

This report includes a series of tables and charts displaying financial data for the first three quarters of FY2016-17 for (1) the General Fund, (2) the major enterprise operating funds, and (3) other selected revenue sources. Each page includes a table with three columns of data:

- Column 1: Third quarter year-to-date actuals for FY2015-16
- Column 2: Third quarter year-to-date actuals for FY2016-17
- Column 3: Revised budget for FY2016-17

Year-to-date (YTD) actuals for two consecutive years are provided to show how the City is performing compared to the previous year. The revised budget reflects the changes in revenue and expense estimates for the whole fiscal year that have been approved through the budget adjustment process since budget adoption.

Note that revenues and expenditures do not necessarily flow smoothly over the course of the year—this volatility is often responsible for apparent swings when comparing YTD data.

General Fund Operating Revenue & Transfers In (page 3)

For the first nine months of this fiscal year, General Fund operating revenues and transfers in totaled \$86.6 million versus \$78.3 million for the same period in the prior fiscal year. This variance is mostly due to increases in sales tax receipts, property taxes, and plan check fees. The increase in sales tax does not reflect an actual trend: the sunset of the "triple flip" (property tax in lieu of sales tax) has created a one-time accelerated cash flow for this revenue resulting in the City receiving more sales tax earlier in the fiscal year than in prior years. Because of this, it appears that sales tax revenue has significantly increased from the prior year; however, sales taxes are actually projected to be approximately \$2 million lower at the end of this fiscal year than last. Again, due to the sunset of the "triple flip," we received a final true-up of this revenue in FY2015-16 that significantly inflated our sales taxes for that year. When taking this anomaly into consideration, this revenue is trending as expected on an annual basis (see page 4).

FY2016-17 General Fund operating revenue and transfers in are now forecast at \$143.2 million (versus the original adopted budget of \$140.5 million). This amount includes the prior year operating carryover of \$1.3 million as revenue since it represents the reserve set aside to cover the encumbrance carryforward expenses from FY2015-16.

General Fund Operating Expenditures & Transfers Out (page 5)

FY2016-17 third quarter General Fund operating expenditures and transfers out totaled \$98.5 million versus \$94.9 million in the last fiscal year. This difference of \$3.7 million can be attributed to increased costs for Fire and Police, a higher transfer out for post-retirement expenses, a larger annexation payment to Placer County, and several smaller items. Of all the General Fund

departments, Fire's expenditures increased the most (\$1.5 million/7.5%) over the prior year mostly due to increases in salaries, overtime (about \$600,000 of which can be attributed to covering vacancies), benefits, and strike team expenditures (which are reimbursed) in Fire Operations. A new memorandum of understanding for Fire became effective January 5, 2017.

Total General Fund operating expenditures and transfers out for this fiscal year are now estimated at \$141.4 million versus the original adopted budget amount of \$139.1 million.

Enterprise Funds: Operating Revenue (page 6)

Of the seven enterprise operations funds we display, four had year-to-year revenue variations of 15% or greater:

- **Water Operations:** \$3.9 million (27%) higher due to a water rate adjustment and an increase in usage.
- **Wastewater Operations:** \$4.5 million (19%) higher due to the timing of the receipt of reimbursed costs from South Placer Wastewater Authority.
- **Golf Course Operations:** \$300,000 (22%) lower due to fewer rounds being played due to weather and increased competition.
- **Youth Development:** \$976,000 (24%) higher due to increases in rates and participation.

Enterprise Funds: Operating Expenditures (page 7)

For enterprise operations funds expenditures, all variances were within an expected range.

Other Revenue (page 8)

The "Other revenue" table shows what's coming in to the City in three of the significant non-General Fund funds. Two of those had significant variations from the prior year:

- **Fire Facilities Fund:** \$101,000 (18%) higher due to increased fire facilities construction fee revenue from development.
- **Public Facilities Fund:** \$333,000 (30%) higher due to an increase in the public facilities fee as of July 1, 2016 that resulted from an update to the public facilities nexus study.

Conclusion

Data for the third quarter of FY2016-17 shows no unexpected or unexplainable variances. The General Fund is forecasted to end the year with \$2 million more in operating revenues than expenses. (However, this does not necessarily indicate a surplus of the whole of the General Fund at year-end which will include non-operating amounts as well.) Most General Fund departments have been able to control costs and show minimal or no increases in expenditures. Enterprise fund expenditures are also trending as expected.

General Fund: Operating Revenue & Transfers In

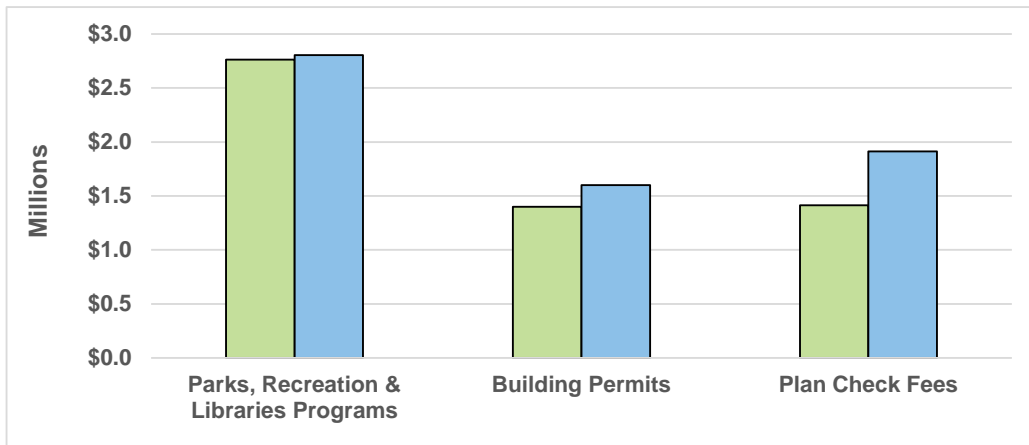
FY2016-17 Third Quarter

July 1, 2016 - March 31, 2017

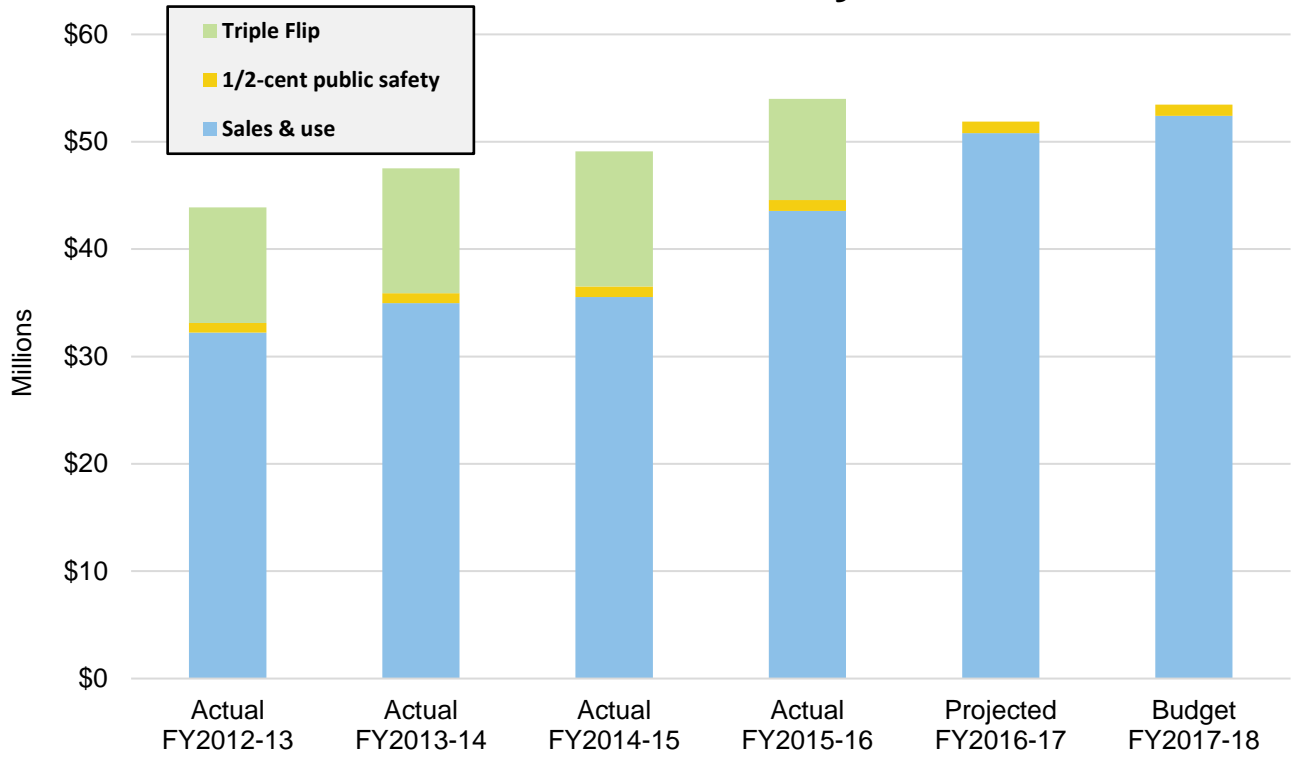
	Third Quarter Actual		Amended Budget
	FY2015-16	FY2016-17	FY2016-17
Sales Tax	\$ 24,815,775	\$ 30,130,205	\$ 51,871,200
Property Tax	20,246,258	21,850,165	40,587,460
Parks, Recreation & Libraries Programs	2,763,972	2,805,121	4,178,358
Building Permits	1,400,997	1,599,959	2,100,000
Plan Check Fees	1,413,423	1,911,745	2,158,724
Engineering Inspection Fees	68,224	68,137	106,785
Grants	288,976	159,754	390,294
Other Revenue	10,969,390	11,849,981	15,831,162
Operating Transfers	626,848	452,131	3,604,681
Franchise Fee Transfers	5,352,766	5,680,886	7,574,514
Indirect Cost	10,365,391	10,075,462	13,433,950
Prior Year Operating Carryover	0	0	1,346,141
Total:	\$ 78,312,020	\$ 86,583,546	\$ 143,183,269

Comparisons:

■ FY2015-16 Q3 Actual
■ FY2016-17 Q3 Actual



Sales Tax History

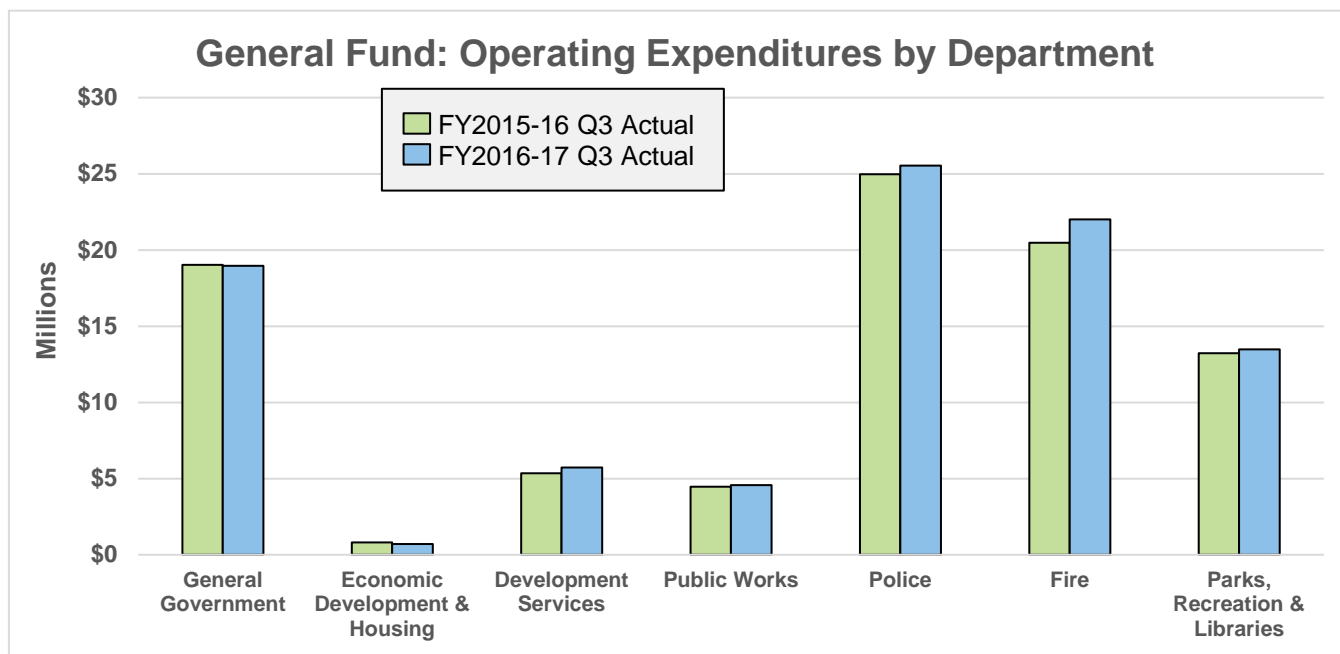


General Fund: Operating Expenditures & Transfers Out

FY2016-17 Third Quarter

July 1, 2016 - March 31, 2017

	Third Quarter Actual		Amended Budget
	FY2015-16	FY2016-17	FY2016-17
General Government	\$ 19,025,163	\$ 18,969,649	\$ 29,175,309
Economic Development & Housing	805,387	700,689	841,814
Development Services	5,346,671	5,727,696	8,658,490
Public Works	4,471,205	4,577,830	6,933,987
Police	24,966,280	25,537,880	36,044,813
Fire	20,471,350	22,009,825	28,610,423
Parks, Recreation & Libraries	13,223,660	13,487,251	20,112,496
Annexation Payments	2,428,635	2,824,337	4,750,000
City Special Assessments	79,336	131,035	84,560
Post-Retirement Transfer	3,661,181	4,138,108	4,497,090
Other Operating Transfers	396,300	427,056	844,155
General Fund Contingency	0	0	840,640
Total:	\$ 94,875,168	\$ 98,531,355	\$ 141,393,777



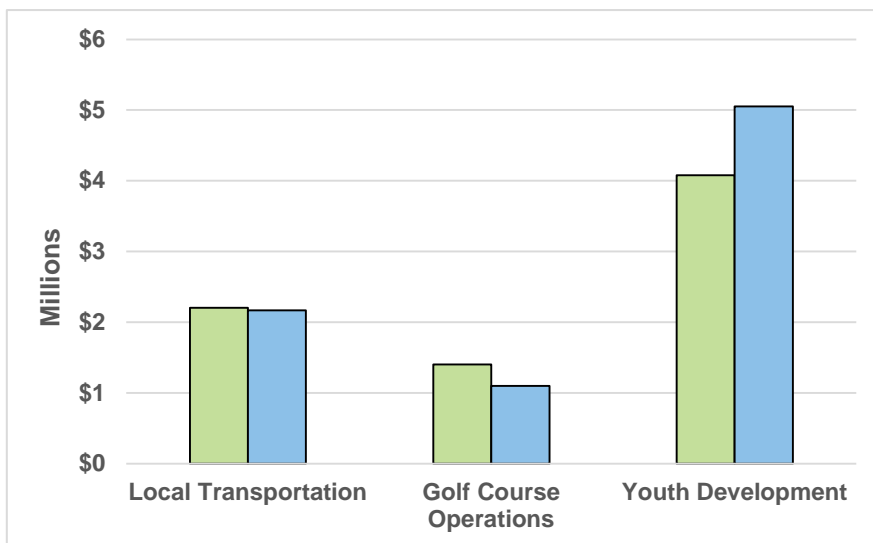
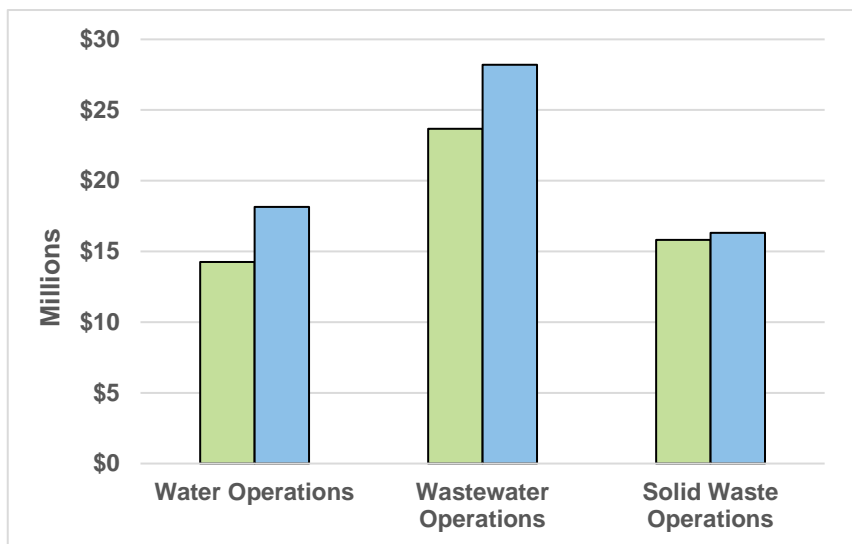
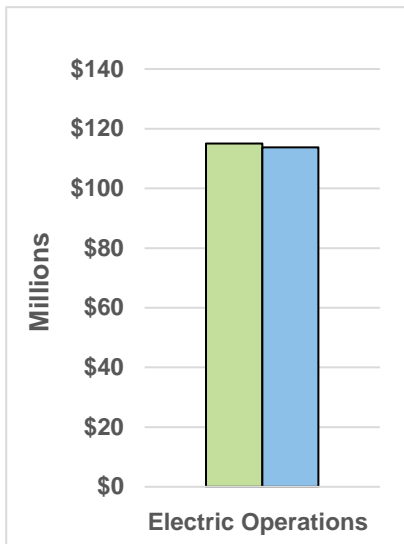
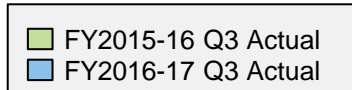
Enterprise Funds: Operating Revenue

FY2016-17 Third Quarter

July 1, 2016 - March 31, 2017

	Third Quarter Actual		Amended Budget FY2016-17
	FY2015-16	FY2016-17	
Electric Operations	\$ 115,057,485	\$ 113,686,312	\$ 162,631,394
Water Operations	\$ 14,256,761	\$ 18,145,951	\$ 25,810,595
Wastewater Operations	\$ 23,685,642	\$ 28,201,359	\$ 34,516,476
Solid Waste Operations	\$ 15,808,396	\$ 16,318,920	\$ 21,889,767
Local Transportation	\$ 2,202,307	\$ 2,165,495	\$ 14,329,996
Golf Course Operations	\$ 1,400,082	\$ 1,098,627	\$ 2,390,000
Youth Development	\$ 4,077,276	\$ 5,053,407	\$ 6,168,762

Comparisons:



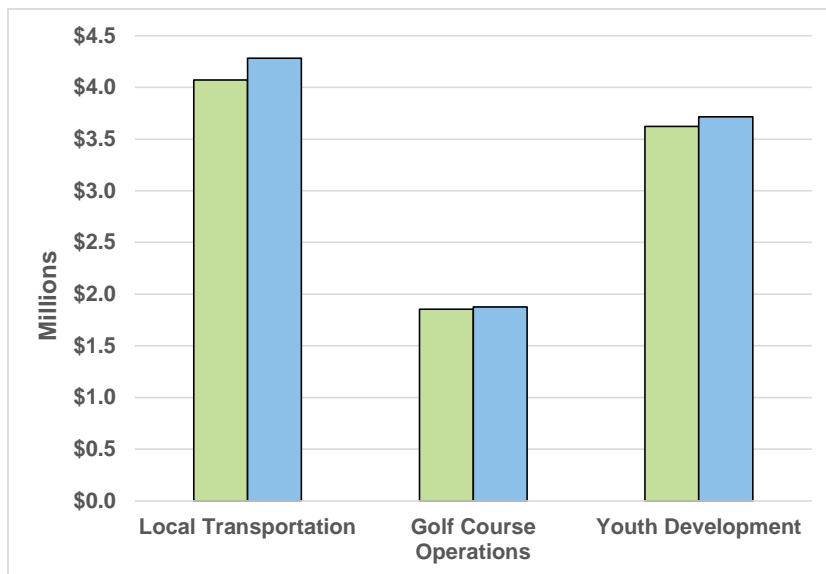
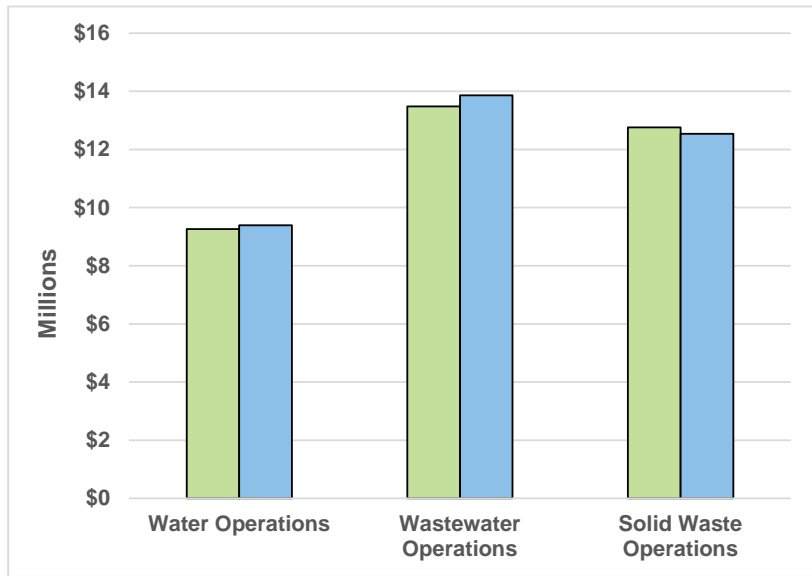
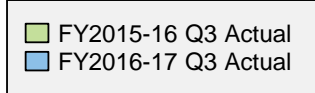
Enterprise Funds: Operating Expenditures

FY2016-17 Third Quarter

July 1, 2016 - March 31, 2017

	Third Quarter Actual		Amended Budget
	FY2015-16	FY2016-17	FY2016-17
Electric Operations	\$ 87,183,839	\$ 89,503,495	\$ 134,639,135
Water Operations	\$ 9,258,363	\$ 9,390,662	\$ 17,785,321
Wastewater Operations	\$ 13,480,713	\$ 13,862,409	\$ 23,543,886
Solid Waste Operations	\$ 12,758,135	\$ 12,539,775	\$ 19,666,119
Local Transportation	\$ 4,071,330	\$ 4,282,949	\$ 6,612,312
Golf Course Operations	\$ 1,854,173	\$ 1,874,852	\$ 2,500,611
Youth Development	\$ 3,623,522	\$ 3,714,662	\$ 5,530,742

Comparisons:



Other Revenue

FY2016-17 Third Quarter

July 1, 2016 - March 31, 2017

	Third Quarter Actual		Amended Budget
	FY2015-16	FY2016-17	FY2016-17
Fire Facilities Fund	\$ 565,846	\$ 667,230	\$ 1,303,328
Strategic Improvement Fund	\$ 472,320	\$ 478,964	\$ 996,466
Public Facilities Fund	\$ 1,102,811	\$ 1,436,281	\$ 2,102,650

Comparisons:

