

Fourth Quarter FY 2018 Financial Report (unaudited; figures subject to adjustment)

Category	Current Year (in thousands)				Prior Yr. (in thousands)		
	FY18 Adp.	FY18 Amd.	Actual 6/30/18	% Amd.	FY17 Amd.	FY17 Actual	% Act.
Revenue							
Property Taxes	40,867	41,467	41,385	100%	39,551	40,106	101%
From Other Gov't.	19,864	20,314	20,568	101%	19,711	20,599	105%
Fines /Forfeitures	1,243	1,243	1,443	116%	1,523	1,267	83%
Use of Money/Property	1,302	1,302	1,567	120%	1,256	1,442	115%
Charges for Services	6,763	6,783	7,526	111%	6,648	6,817	103%
Licenses/Permits	2,875	2,875	3,085	107%	2,585	2,927	113%
Other Revenue	6,775	7,129	7,029	99%	6,709	6,725	100%
Total Revenue (\$)	79,690	81,113	82,604	102%	77,982	79,883	102%
Expenditures							
Personnel	48,842	48,936	47,691	97%	46,187	45,793	99%
Operating	13,692	13,927	13,119	94%	14,026	12,681	90%
Capital Outlay	2,429	2,989	1,852	62%	3,193	2,665	83%
Other	1,881	1,902	1,641	86%	3,186	3,040	95%
CIP Transfer	6,600	11,500	11,500	100%	12,115	12,115	100%
Transfers Out	6,246	6,246	6,246	100%	6,229	6,229	100%
Total Expenditures (\$)	79,690	85,500	82,050	96%	84,937	82,523	97%

General Fund Summary

FY18 General Fund operating activity led to an overall increase in reserves, maintaining the City's healthy fiscal position going into FY19.

General Fund revenues exceeded the amended budget by \$1.5 million, or 2%, and expenditures came in under budget by \$3.5 million, or 4%.

Of the \$3.5 million in unspent funding, a total of \$1.4 million encumbered for goods or services that were not received or completed in FY18 will be reappropriated in FY19 via the first budget amendment. The majority of the \$1.4 million is encumbered for items within the Capital Outlay category.

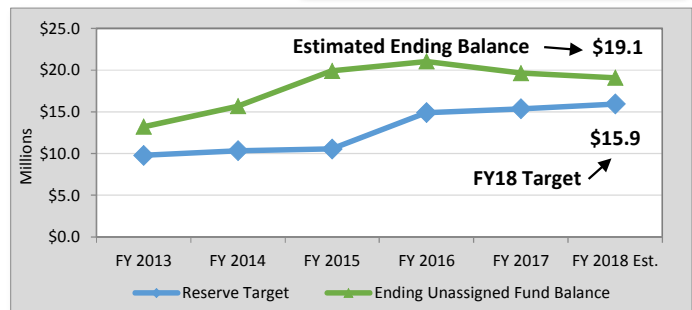
General Fund Unassigned Fund Balance

The estimated ending FY18 unassigned fund balance equals \$19.1 million. Staff recommends utilizing \$1.8 million to increase the CIP transfer in accordance with the Financial Management Policies, bringing the balance to \$17.3 million, or 21% of the FY19 target.

City Manager Contingency Status

Per the City's Financial Management Policies, contingency funds are available for unanticipated, unbudgeted expenditures of a non-recurring nature and/or unexpected cost increases.

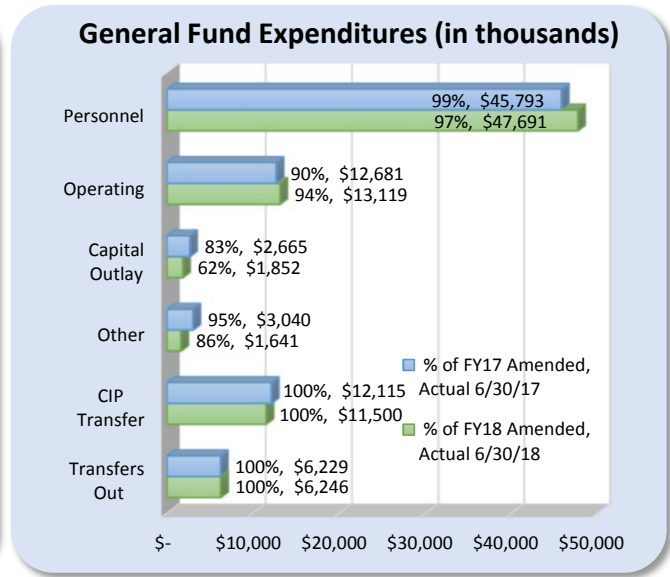
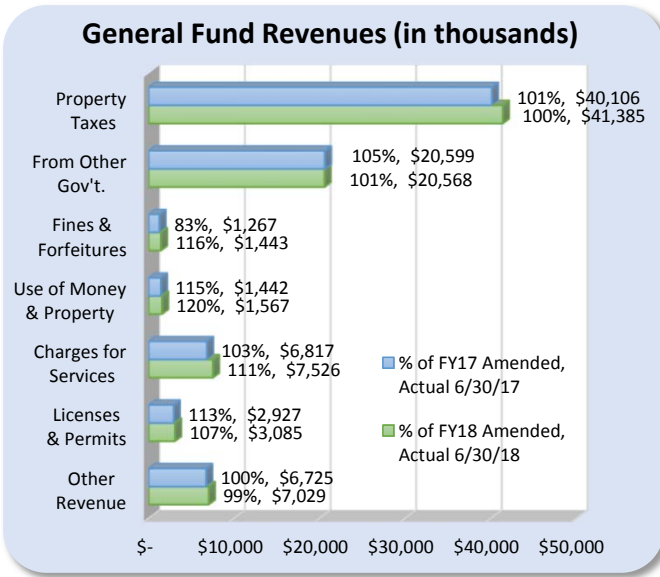
City Manager Contingency Usage through 4Q	Amount
Adopted FY18 City Manager Contingency	350,000
Temp staffing for Skate Park	(20,000)
Brick repair work at Chestnut Lodge	(12,174)
Netting extension at RedGate Golf Course	(18,700)
Replacement security equipment, Rockcrest Ballet Ctr.	(7,461)
Impact fee study (parkland acquisition)	(5,000)
Police staffing study	(58,100)
Temp staffing for IT	(19,300)
IT consulting services	(81,800)
Emergency water pipe repair, Swim Center	(8,400)
King Farm Farmstead utility study	(2,770)
Expanded Town Square concert series	(16,500)
Peace Day funding	(2,900)
Legal fees related to sign ordinance	(40,000)
Repair related to prior City infrastructure installation	(17,500)
Temp staffing for CC/DCO office	(19,395)
Video screen rental for Stanley Cup viewing event	(3,500)
FY18 Contingency Remaining (\$)	16,500



Unspent Personnel Funds

Unspent funds related to vacant General Fund positions are tracked and reported quarterly, along with any uses of these funds. In addition to vacancy-related costs, these funds can be used for weather-related needs such as snow removal or for special projects approved by the City Manager and/or Mayor and Council.

Unspent Personnel Funds	4Q Only	YTD FY18
Gross unspent funds from vacancies	186,325	1,171,352
Less vacancy-related costs	(63,075)	(323,152)
Net Unspent Funds	123,250	848,200
<i>Uses of Net Unspent Funds</i>		
CM recruitment, relocation	-	(6,915)
CM recruitment, temp. housing	-	(12,500)
Police Chief recruitment	-	(24,500)
CPDS Director recruitment	-	(20,800)
Net Unspent Funds Remaining (\$)	-	783,485



General Fund Revenues by Category

Property Taxes totaled \$41.4 million, consistent with the amended budget of \$41.5 million.

Revenue **From Other Governments** totaled \$20.6 million. The largest revenue source within this category is income tax, which totaled \$13.6 million, roughly equal to the FY17 total and slightly less than the amended budget of \$13.8 million. This category also includes admissions and amusement tax, which equaled \$1.4 million, roughly \$270,000 above the \$1.1 million estimate.

Revenue from **Fines & Forfeitures** totaled \$1.4 million, 16% above the amended target due to revenue from redlight camera citations, which totaled more than \$200,000 above budgeted estimates, and nearly \$180,000 more than FY17.

Use of Money & Property revenue totaled \$1.6 million, 20% above the amended target due to an increase in the City's interest earnings, which more than doubled from FY17 to FY18.

Charges for Services revenue totaled \$7.5 million, or 11% above the amended target due to public works permits and recreation program fees exceeding their revenue targets.

Licenses & Permits revenue totaled \$3.1 million, or 7% above the amended target due to building permit and rental license revenue exceeding budgeted estimates.

Other Revenue totaled \$7 million, just under the target of \$7.1 million. This revenue source includes hotel tax, community contributions, and miscellaneous revenue, which included \$0.3 million associated with the Ingleside at King Farm conduit bond issue in FY18.

General Fund Expenditures by Category

Total **Personnel** spending totaled \$47.7 million, or 97% of the amended budget.

Operating expenditures totaled \$13.1 million, or 94% of the amended budget. Of the unspent funding, just over \$300,000 is encumbered for consultant studies that will carry over into FY19. This category includes all utilities for general City facilities; in total, actual General Fund utility costs were approximately \$100,000, or 3.6% less than the amended utility budget.

Capital Outlay expenditures totaled \$1.9 million, or 62% of the amended budget. Of the unspent funding, just over \$1 million is encumbered in purchase orders for vehicles and equipment that were ordered in FY18 but will not be delivered and paid for until FY19. This funding covers one-time equipment purchases including vehicle replacements, and varies from year to year based on needs and replacement schedules.

Other expenditures totaled \$1.6 million, or 86% of the amended budget. The large savings in this category is due to the unclaimed portion of the Green Building Tax Rebate.

The **CIP Transfer** totaled \$11.5 million, equal to the amended budget.

The **Transfers Out** category totaled \$6.2 million, equal to the amended budget. This category includes transfers to the Parking, Debt Service, Refuse (for RHE refuse bills), and Special Activities funds.

WATER FUND

	Current Year (in thousands)				Prior Year (in thousands)		
	FY18	FY18	Actual	%	FY17	FY17	%
	Adp.	Amd.	6/30/18	Amd.	Amd.	Actual	Act.
Total Revenue (\$)	13,261	13,261	12,525	94%	12,761	13,105	103%
<i>Expenses</i>							
Personnel	3,568	3,648	3,595	99%	3,384	3,439	102%
Operating	2,084	2,327	2,301	99%	2,415	2,162	89%
Capital Outlay ¹	281	281	100	35%	82	93	113%
Admin/Other/Interest	5,943	5,943	5,944	100%	5,776	5,713	99%
Total Expenses (\$)	11,876	12,199	11,941	98%	11,656	11,406	98%

The decrease in water utility revenue for FY18 is likely due to the continued conservation efforts of our customers combined with higher rainfall totals.

A large portion of Water Fund spending occurs in the CIP. In May 2018 the Mayor and Council adopted a three year rate plan that will help to bring the Water Fund into compliance with the City's Financial Management Policies by FY21.

SEWER FUND

	Current Year (in thousands)				Prior Year (in thousands)		
	FY18	FY18	Actual	%	FY17	FY17	%
	Adp.	Amd.	6/30/18	Amd.	Amd.	Actual	Act.
Total Revenue (\$)	13,611	13,611	13,511	99%	12,690	12,621	99%
<i>Expenses</i>							
Personnel	1,900	1,900	1,887	99%	1,820	1,865	102%
Operating	3,882	3,913	3,785	97%	3,859	3,323	86%
Capital Outlay ¹	21	21	24	115%	245	235	96%
Admin/Other/Interest	7,351	7,351	7,357	100%	6,962	6,868	99%
Total Expenses (\$)	13,153	13,185	13,054	99%	12,887	12,291	95%

A large portion of Sewer Fund spending occurs in the CIP. In May 2018 the Mayor and Council adopted a three year rate plan that will help to bring the Sewer Fund into compliance with the City's Financial Management Policies by FY23.

REFUSE FUND

	Current Year (in thousands)				Prior Year (in thousands)		
	FY18	FY18	Actual	%	FY17	FY17	%
	Adp.	Amd.	6/30/18	Amd.	Amd.	Actual	Act.
Total Revenue (\$)	6,187	6,424	6,396	100%	6,051	6,226	103%
<i>Expenses</i>							
Personnel	2,753	2,753	2,572	93%	2,643	2,550	96%
Operating	2,041	2,278	1,681	74%	2,065	1,709	83%
Capital Outlay ¹	295	727	700	96%	645	352	54%
Admin/Other/Interest	2,058	2,058	2,061	100%	2,042	1,975	97%
Total Expenses (\$)	7,148	7,816	7,014	90%	7,395	6,586	89%

The Refuse Fund encountered operational changes during FY18 that necessitated new contracts for both processing and hauling of recyclable materials. These contracts resulted in decreased processing and hauling costs, but also eliminated any significant revenue from the sale of recyclable materials going forward. The estimated impacts of these changes were incorporated into the adopted FY19 budget.

¹Capital outlay purchases with useful lives of more than five years are capitalized and depreciated in accordance with Generally Accepted Accounting Principles (GAAP). The City's financial statements reflect this adjustment, whereas this report shows the actual expense. As a result, the prior year actuals shown on this report in enterprise funds with qualifying capital purchases will differ from the financial statements in the amount of the cost of any capitalized assets.

SWM FUND

	Current Year (in thousands)				Prior Year (in thousands)		
	FY18	FY18	Actual	%	FY17	FY17	%
	Adp.	Amd.	6/30/18	Amd.	Amd.	Actual	Act.
Total Revenue (\$)	5,465	5,465	5,797	106%	5,432	5,873	108%
<i>Expenses</i>							
Personnel	2,295	2,295	2,233	97%	2,163	2,134	99%
Operating	745	772	661	86%	836	631	75%
Capital Outlay ¹	0	0	0	0%	158	159	100%
Admin/Other/Interest	1,858	1,858	1,738	94%	1,722	1,593	93%
Total Expenses (\$)	4,897	4,924	4,633	94%	4,881	4,517	93%

Total SWM Fund revenue exceeded budgeted estimates by 6% mainly due to development-related permit fees.

A large portion of SWM Fund spending occurs in the CIP. The accumulated balance of revenues in excess of expenses fund SWM CIP projects.

Public Works Staff will present an update on the City's SWM program to the Mayor and Council on October 15, 2018.

PARKING FUND

	Current Year (in thousands)				Prior Year (in thousands)		
	FY18	FY18	Actual	%	FY17	FY17	%
	Adp.	Amd.	6/30/18	Amd.	Amd.	Actual	Act.
Total Revenue (\$)	2,522	2,522	2,463	98%	2,508	2,256	90%
<i>Expenses</i>							
Personnel	306	306	269	88%	272	248	91%
Operating	114	114	74	65%	130	73	56%
Capital Outlay ¹	0	9	9	100%	35	25	72%
Admin/Other/Interest	1,669	1,801	1,855	103%	1,667	1,729	104%
Total Expenses (\$)	2,089	2,230	2,207	99%	2,104	2,075	99%

Revenue from parking meter violations totaled \$424,705 for FY18, up from the FY17 total of \$311,900, but still less than the budgeted estimate of \$515,000. This revenue source has declined since patrons started to use mobile devices to pay for parking.

The FY19 adopted budget includes a decreased revenue estimate and an increased General Fund subsidy to offset the decrease in citation revenues.

Capital Improvements Program (CIP) Transfers, All Funds

The City's Financial Management Policies allow the City Manager to approve transfers of unspent project appropriations between capital projects within the same fund. These transfers will always net to zero, as any change in total appropriation by fund must be approved by the Mayor and Council through an appropriations ordinance. Any transfers between projects during the reporting period are shown below.

4Q CIP Transfers

	Amount (\$)	Fund	Reason for Transfer
There were no CIP transfers approved in 4Q FY18.	-		

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