

**CITY OF EL PASO, TEXAS
AGENDA ITEM
DEPARTMENT HEAD'S SUMMARY FORM**

DEPARTMENT: City Manager - Office of Management & Budget
AGENDA DATE: February 6, 2018
CONTACT PERSON/PHONE: Robert Cortinas, Interim Director of Municipal Financial Operations, (915) 212-1092
DISTRICT(S) AFFECTED: All

SUBJECT:

Presentation and discussion on the 1st Quarter Financial Report for FY 2018

BACKGROUND / DISCUSSION:

The 2018 Budget Resolution requires that within forty-five (45) working days after the close of each fiscal quarter, the City Manager or his/her designee shall provide a quarterly report to City Council regarding the status and year-end projection of the budget.

PRIOR COUNCIL ACTION:

Yes, FY 2017 4th Quarter Presentation was on December 19, 2017.

AMOUNT AND SOURCE OF FUNDING:

N/A

BOARD / COMMISSION ACTION:

N/A

*****REQUIRED AUTHORIZATION*****

DEPARTMENT HEAD: _____

Robert Cortinas

DATE: _____

1/23/18



FY 2017 - 2018

1st Quarter

Financial Report

"Delivering Outstanding Services"



Set the Standard for Sound Governance and Fiscal Management

Ensure continued financial stability
and accountability through:

- Sound financial management
- Budgeting
- Reporting



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Financial Monitoring & Reporting

- Budget Office and City Departments review revenues and expenses monthly
- Monitoring and reporting provides insight into current financial position and becomes the starting point for budget development
- Sound fiscal management and best practices has led to improved budget process and performance

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FY 2017 – 2018 General Fund Summary (September 2017 – August 2018)

<i>Starting Fund Balance (9/1/17)</i>	<i>\$44,820,435</i>
Plus Estimated Revenues	\$397,153,614
Less Estimated Expenses	\$397,101,621
<i>Estimated Ending Fund Balance (8/31/18)</i>	<i>\$ 44,872,428</i>
Estimated Surplus / (Deficit)	\$51,993

*Preliminary and unaudited

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General Fund Revenue Summary

	FY2018 Budget	FY2018 Actual YTD	FY2018 Actual YTD	FY2017 Actual YTD
REVENUE				
Property Taxes	174,934,222	10,009,100	5.7%	3.5%
Sales Taxes	89,473,202	21,725,012	24.3%	23.8%
Franchise Fees	55,660,606	13,716,601	24.6%	24.4%
Charges for Services	32,291,533	6,265,573	19.4%	17.8%
Fines and Forfeitures	9,162,749	1,616,193	17.6%	26.4%
Licenses and Permits	12,629,230	3,526,961	27.9%	21.3%
Intergovernmental	446,988	(1,500)	-0.3%	0.0%
County Participation	537,341	0	0.0%	0.0%
Interest	200,000	0	0.0%	0.0%
Rents and Other	2,314,025	369,213	16.0%	25.9%
Other Sources (Uses)	20,463,966	5,620,140	27.5%	21.8%
TOTAL REVENUE	\$398,113,862	\$62,847,294	15.8%	14.6%

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General Fund Expense Summary

STRATEGIC GOAL	FY2018 Budget	FY2018 Actual YTD	FY2018 Actual YTD	FY2017 Actual YTD
Economic Development	1,916,326	394,048	 20.6%	 16.4%
Public Safety	234,675,489	46,638,006	 19.9%	 19.7%
Visual Image	7,757,931	1,502,213	 19.4%	 19.8%
Quality of Life	42,425,106	7,666,489	 18.1%	 18.9%
Communication	12,046,088	4,290,788	 35.6%	 33.7%
Sound Governance	49,068,187	10,630,290	 21.7%	 20.5%
Infrastructure	43,245,497	9,216,380	 21.3%	 19.8%
Healthy Community	6,979,237	1,239,699	 17.8%	 21.6%
TOTAL EXPENDITURES	\$398,113,862	\$81,577,913	 20.5%	 20.2%

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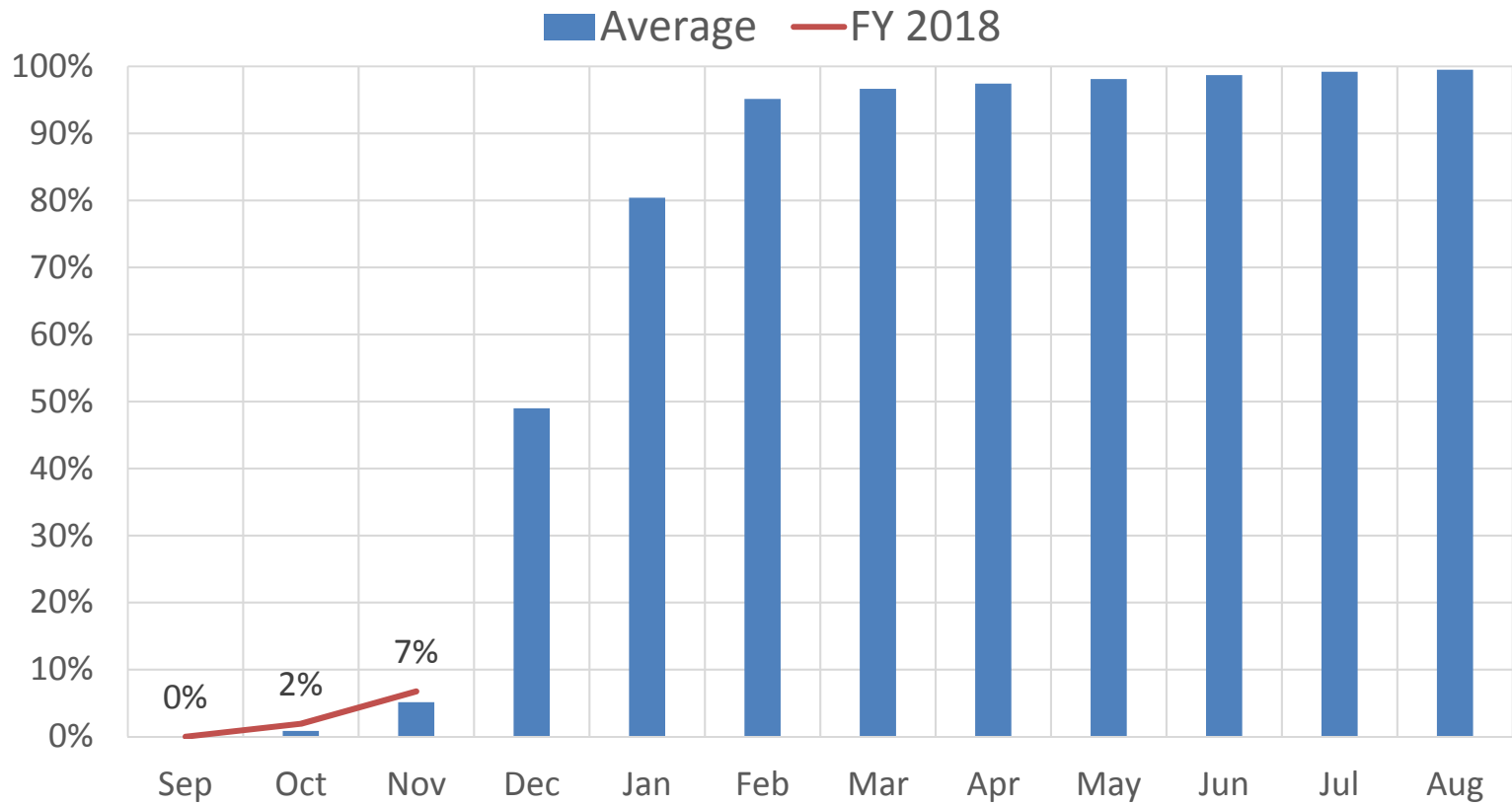
Major Revenue Highlights

- Property taxes
 - Collection percentage slightly ahead of prior years
 - 90% of total collections occur in 2nd Quarter (Dec. – Feb)
- Sales taxes
 - Eight consecutive months of increases in current period collections .
 - Increase of 4.1% through the 1st Quarter compared to same period last year

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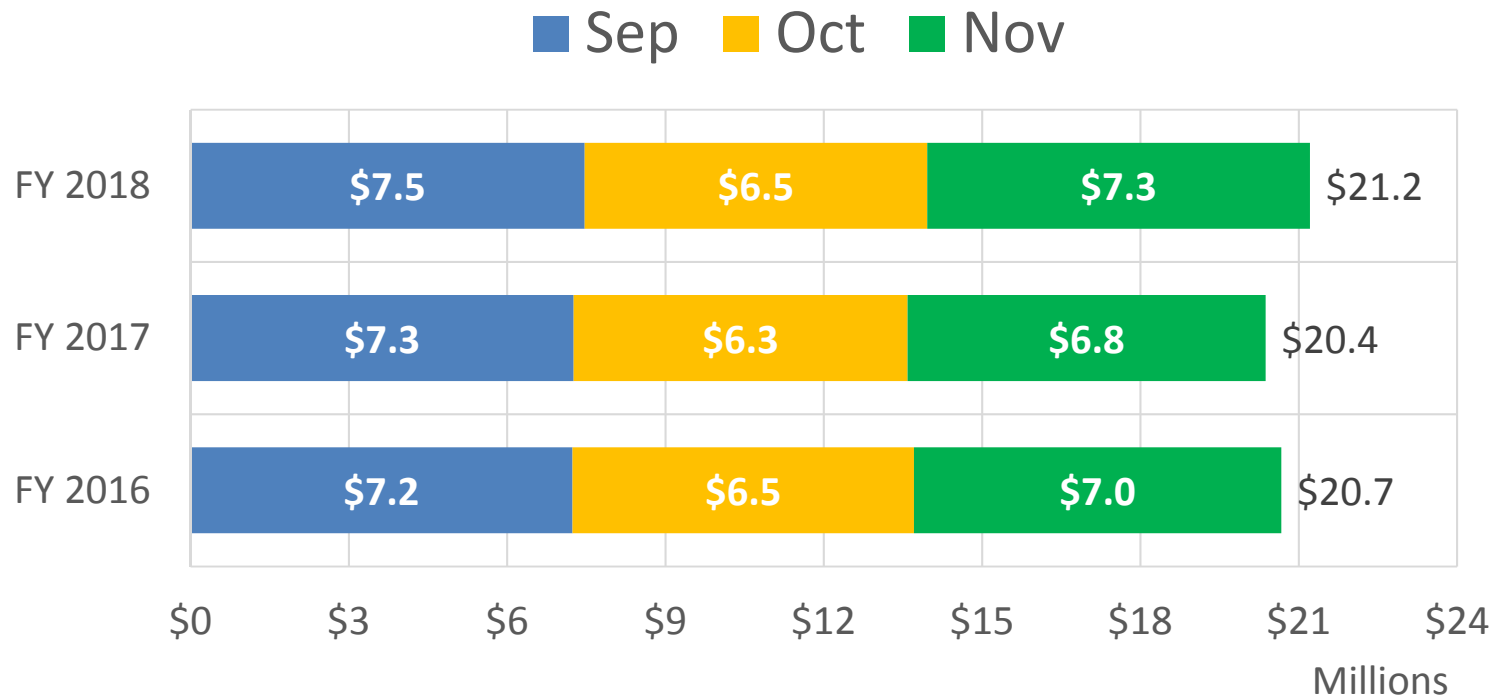
Property Taxes % Collected



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Sales Taxes – Current Period Collections



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Major Revenue Highlights

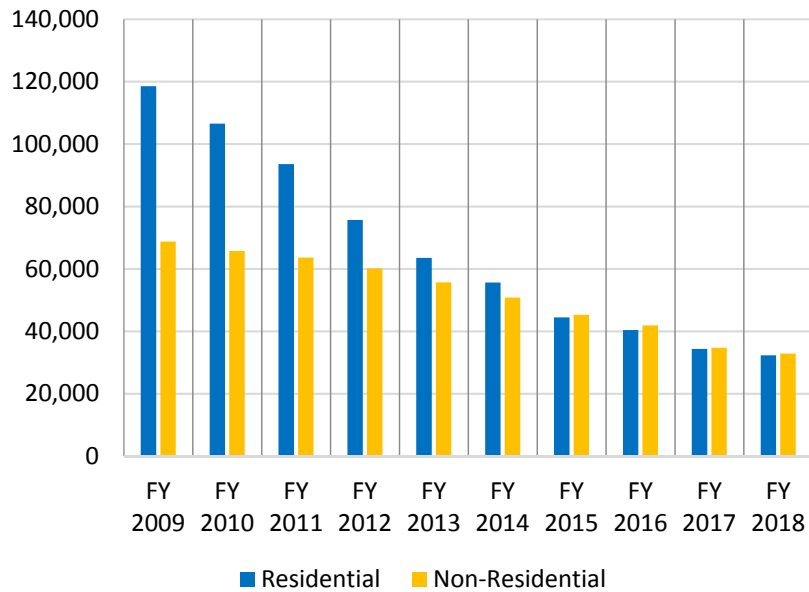
- Franchise fees
 - Payments received on a quarterly basis
 - AT& T 1st quarter revenue down 17% compared to same time period last year
 - El Paso Electric and Texas Gas revenue will be analyzed further as a result of change in the corporate tax rate
- Charges for services
 - Police reimbursed overtime higher than last year (corresponding increase in overtime expense)
 - Ambulance service revenue 13% higher than last year through 1st Quarter

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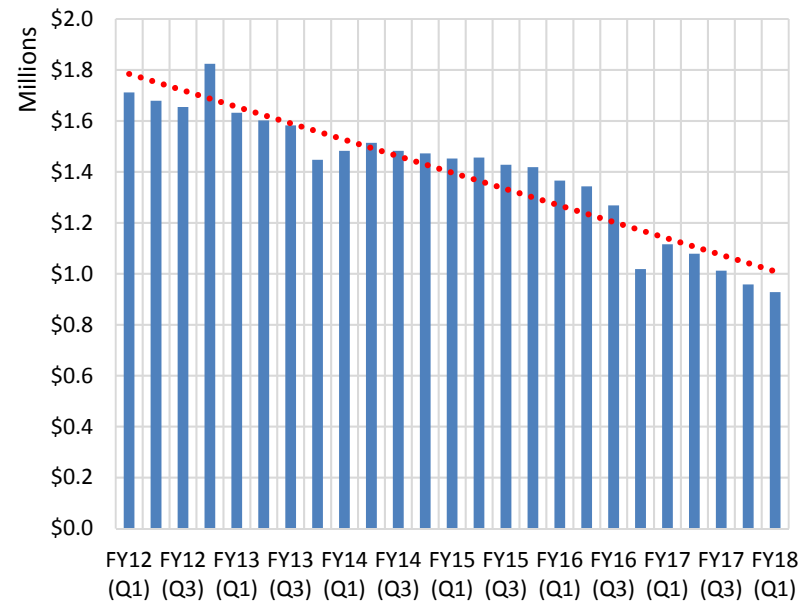


AT&T Franchise Fee

of Access Lines



Quarterly Revenue



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Major Revenue Highlights

- *Fines & forfeitures*
 - Traffic ticket issuance down 16% compared to 1st Quarter last year
- *Licenses & permits*
 - Commercial and residential building permits revenue is \$257K higher through 1st Quarter compared to last year

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General Fund Expense Summary

	FY2018 Budget	FY2018 Actual YTD	FY2018 Actual YTD	FY2017 Actual YTD
EXPENDITURES				
Personal Services	300,058,563	59,511,199	19.8%	19.9%
Contractual Services	35,516,613	8,427,639	23.7%	19.4%
Materials and Supplies	17,263,249	2,968,067	17.2%	18.5%
Operating	23,113,014	5,552,512	24.0%	21.2%
Non-Operating	9,844,188	3,897,906	39.6%	47.1%
Intergovernmental	1,626,478	49,183	3.0%	2.2%
Other Uses	10,448,298	1,171,408	11.2%	13.0%
Capital Outlay	243,459	0	0.0%	14.2%
TOTAL EXPENDITURES	\$398,113,862	\$81,577,913	20.5%	20.2%

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Major Expense Highlights

- Overall actual expenses on target with budget
- *Personal Services*
 - Increase in Police overtime expense, however corresponding increase in overtime being reimbursed (revenue)
- *Contractual Services*
 - Slight increase in percentage of budget expended due to timing of Information Technology contract payments

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Major Expense Highlights

- Materials & Supplies
 - Unleaded fuel costs are up by \$136K, or 24% through the 1st Quarter compared to last year (budget was adjusted last year to reflect usage and expected cost increase)
- Operating
 - Water expenses up by \$295K, or 31% through the 1st Quarter compared to last year (budget was increased by \$948K)



Major Takeaways

- Major revenue sources are performing as expected
- Sales taxes have recovered positively from last year
- Fines and forfeiture revenues continue to decrease
- Overall expenses are performing as expected
- Personnel costs, including Police overtime, will continue to be monitored closely
- Fuel and utility costs (electricity and water) will continue to be monitored closely

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FY 2017 – 2018 General Fund Summary (September 2017 – August 2018)

	FY2018 Budget	FY2018 Actual YTD	FY2018 Actual YTD	FY2017 Actual YTD	Year-End Projection
Revenue	\$398,113,862	\$62,847,294	<div style="display: inline-block; width: 15px; height: 15px; background-color: green; border: 1px solid black;"></div> 15.8%	<div style="display: inline-block; width: 15px; height: 15px; background-color: green; border: 1px solid black;"></div> 14.6%	\$397,153,614
Expenses	\$398,113,862	\$81,577,913	<div style="display: inline-block; width: 15px; height: 15px; background-color: green; border: 1px solid black;"></div> 20.5%	<div style="display: inline-block; width: 15px; height: 15px; background-color: green; border: 1px solid black;"></div> 20.2%	\$397,101,621
Estimated Surplus					\$51,993

*Preliminary and unaudited

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Questions

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**CAPITAL IMPROVEMENT PROGRAM (CIP)
BUDGET TRANSFER REPORT
FIRST QUARTER FY 2018**

Date Completed	Fund	Amount	Project	Division	BT #	Justification	Funding Source
8/31/2017	4741	\$71,500,000	Multiple	Multiple	2018-0016	Setup FY17-18 CO Issuance that was approved by City Council on 8/7/2017. (Public Safety - \$25.1M, Infrastructure - \$2.65M, Streets - \$18.1M, QoL - \$22.9M, Bond Costs and 2% for Art - \$2.75M) Total issuance is \$71.5M.	CO 2017 ISSUE
9/7/2017	4740	\$910,948	PCP13ST003Y1D, PCP13ST003Y1C, PCP13ST0003	28900	2018-0009	Transfer appropriations to close out projects completed under budget (RECON Van Buren & Monroe), remaining budget being returned to Master project to eventually be reallocated.	2013 STREET INFRASTRUCTURE
9/18/2017	4970	\$6,449,747	PCP13ST003Y3C, PCP13ST003Y3G	38030, 38230	2018-0017	Increase budget for Flower Dr by \$832,603.80 and Increase budget for Alicia Dr. by \$5,617,142.70. Funding will be entirely from PSB reimbursements. BT will also align budget to PSB agreement for Flower Dr.	Other Outside Sources
10/2/2017	4740	\$1,650,000	PCP13ST0003, PCP16ST002	28900	2018-0085	Increase appropriation of \$1,650,000 for the University (Cincinnati) Pedestrian Improvements project approved by City Council on 7/11/2017.	2013 STREET INFRASTRUCTURE
10/2/2017	4950	\$326,840	PCP12SRTS060, PCP12SRTS050, PCP12SRTS080, PCP11MT030, G0810020	38280, 38170	2018-0086	Reduce appropriation to close out the TxDot portion of 3 Safe Routes to School and the Asarco Study Project.	Capital Projects-TxDot
10/4/2017	4970	\$264,780	PCP06ST022E0	38230	2018-0116	Setup approp of \$264,780.00 for Isela Ruvalcaba Drive Extension using EPWU funding for water and sewer work.	Other Outside Sources
10/11/2017	4700	\$0	PCP14PRK03, PSTM06PW555	28280	2018-0140	Zero out remaining project balances for Park Improvements 2014 & Capital Equipment, projects are complete.	Capital Projects-Storm 2006
10/17/2017	4800	\$63,000	PCP13ZOOC03, PCP13ZOOD11	29020	2018-0148	Transfer appropriation of \$63,000 from Support Elements Zoo Wide for the Zoo Asian Gateway project to fund contract compliance activities and set aside a contingency amount.	GOP 2012 QUALITY OF LIFE
10/18/2017	4740	\$11,503,697	PCP13ST0002, PCP13ST002RSY6, PCP13ST002RSY7	28900	2018-0134	Transfer approp of \$11,503,696.61 from the resurfacing Master Budget to set up year 6 and 7 projects approved by City Council on 6/26/12.	2013 STREET INFRASTRUCTURE
10/18/2017	4740	\$22,178,236	PCP13ST002MSY1, PCP13ST0003, PCP18ST007	28900	2018-0135	Transfer of \$22,178,236.45 for the Resurfacing Accelerated Program from the Reconstruction balance and Microsurfacing balance approved by City Council on 10/16/17.	2013 STREET INFRASTRUCTURE
10/18/2017	4560	\$12,381	PCP15TRAN08, PCP15TRAN06	28340	2018-0186	Transfer appropriation of \$12,380.79 from Riverbend Dr Pedestrian to Resler Buffered Bike Lane project to fund expenses disallowed by TXDOT.	FY12-13CO'S CIP PLAN
10/19/2017	4970	\$3,600	PCP13ST003Y3C	38030	2018-0173	Setup approp of \$3,600 for PSB commitments of \$1,800 each for FLOWER DR project.	Other Outside Sources

**CAPITAL IMPROVEMENT PROGRAM (CIP)
BUDGET TRANSFER REPORT
FIRST QUARTER FY 2018**

Date Completed	Fund	Amount	Project	Division	BT #	Justification	Funding Source
11/16/2017	4560, 4800, 4690	\$0	PCP14MF010, PCP13LIBB02, PCP08PA01GGG0, PCP08MF010	28340, 29040, 99999	2018-0251	Transfer appropriation in various projects where non-capital items were reclassified for FY17.	FY12-13CO'S CIP PLAN, GOP 2012 QUALITY OF LIFE, CO 2006 ISSUE
11/16/2017	4741	\$900,000	PCP17PRK01, PCP17PRK03	38290	2018-0268	Transfer appropriation to separate funding for the design of the aquatic facilities between District 1 and District 4.	CO 2017 ISSUE
11/21/2017	4950	\$1,000,000	PCP10TRAN60	38170	2018-0244	Setup the construction portion of TXDOT Dyer RTS Pedestrian Enhancement project approved by City Council on 3/8/16.	Capital Projects-TxDot