



TO: Mayor and Town Council

FROM: Jeanne Blackman, Town Manager
James Alcantar, Chief Financial Officer

SUBJECT: Fiscal Year 2016-17 Third Quarter Report

We are pleased to present to you a comprehensive fiscal year 2016-17 (FY17) third quarter (July 2016–March 2017) financial report. This report will include a financial status summarization for the General Fund and Highway User Revenue Fund (HURF), a description of major revenue categories, a comparison to the third quarter year-to-date (YTD) of fiscal year 2015-16 (FY16) to third quarter YTD fiscal year 2016-17 (FY17), and cash balances as of March 31, 2017. We have included a FY17 year-end financial projection.

We have used one or more of the following in our analysis in order to assess the fund status and projections for fiscal year end:

- ◆ 2016-17 Actual revenue/expenditure to date and as a percentage of budget
- ◆ Comparison of third quarter actual for FY 2016-17 as compared to third quarter actual for FY 2015-16
- ◆ Fiscal Year 2016-17 year-end financial projections for General Fund and HURF

In looking at monthly collections of revenues or expenditures within a fiscal year, if both occur equally each month, the Town would receive 8.33% of budgeted revenues and/or expenditures each month for a total of 75% received and/or expended by the third quarter of the fiscal year. In reality, revenues such as sales tax or fees normally do not follow that pattern nor do expenditures. However, for tracking purposes, if revenues do not equal at least 75% for the third quarter, or expenditures exceed 75%, it is important to research and document the variances to determine if they may have an impact on the financial position by fiscal year end.

The General Fund's third quarter YTD revenue for FY2016-17 totals \$2,769,414 (Table A), which is approximately a 3.8% increase above the same period last year. Revenue categories are discussed in further detail in the report. Table B shows the General Fund's third quarter expenses total \$2,295,842. Of that amount, \$850,504 or 37% is for salaries and benefits with the remainder for operational costs. The variance column is comparing the FY16 to FY17 third quarter YTD expenditures as the amount of increase or decrease. For example, expenditures for Buildings are down \$38,031 in FY17 from the same time period (July-March) in FY16.

GENERAL FUND REVENUES

General Fund- Major Revenue Categories - Table C presents the FY17 General Fund actual revenue collections compared to budget for the third quarter (July 1, 2016 through March 31, 2017). The Year-end Estimate column illustrates where that line-item is projected to finish on June 30, 2017. The Variance Budget vs Estimate column illustrates the difference between what was budgeted and where the Town is projected to finish. There are a few categories where



revenue will be under realized. As shown in the table, the total collections for the fiscal year are expected to be above what was budgeted for the year.

Audit Payments are below projections as collection activity has not reached expectations. Also, State Sales Tax is projected to collect below budget at this point. The Verizon cell tower payments make up \$11,400 of the miscellaneous revenue. Using the estimates shown in Table C, Youngtown would collect \$15,884 more than was budgeted. As shown in Table A, the town is \$102,547 ahead of where it was at this point last year, and there are still three months for continued growth.

Local Sales Tax – In Table A, third quarter local sales tax collections increased \$28,797 compared to the third quarter of FY16. In Table C, the local sales tax is projected to finish the year \$33,612 over the budget projection.

State Shared Revenues - These revenues include the Town's portion of the State Urban Revenue Sharing (Income Tax), State-Shared Sales Tax, and Vehicle License Tax. The Urban Revenue Sharing is projected to nearly equal the budget. The State Sales Tax is projected to under realize the budget by \$24,753. Vehicle License Tax is on pace to outperform the budget forecast by \$4,870.

GENERAL FUND – EXPENDITURES

As noted earlier in this report, Table B shows the General Fund spent \$2,295,842 for the third quarter of fiscal year 2016-17. Table D shows the General Fund is projected to finish under budget by \$199,018. The largest variances for the third quarter of FY17 are caused by vacant positions. As with revenue, it is important to note there will be deviations from the 8.33% per month expenditures because items are purchased or projects are completed throughout the fiscal year. The projection shows Courts may slightly exceed the budget. This is caused by the hiring of a part-time staff member in January to help with additional workloads. At this point it is fair to assume there will be an overall savings to the General Fund.

GENERAL FUND SUMMARY

Overall, based on revenue and expenditure analysis of fiscal year 2016 year-to-date versus fiscal year 2017 year-to-date, Youngtown should meet the annual budget projections for revenues and be below for expenditures. Through this point the economy continues to show signs of growth. We will continue to monitor its condition as the year progresses. Under the direction of the Town Manager, the department heads are continuing to spend conservatively within their budget limitations.

HURF SUMMARY

The Highway User Revenue Fund (HURF) is what is referred to as the gasoline tax. HURF monies are only to be used for street-related purposes. The Town maintains the HURF revenues and expenditures in a separate fund to ensure this. Based on revenue and expenditure analysis of fiscal year 2017 YTD, Youngtown's HURF will realize budget projections for revenue and meet the annual expenditure budget.



HURF REVENUES

Table E is a summary of the HURF revenues collected through the third quarter of FY17 as compared to FY16. The HURF has currently received \$29,511 more revenue at this point than in FY 16. Table G is a comparison of revenues compared to the FY 17 budget. As of the end of the third quarter, direct HURF revenues are projected to exceed the budget forecast by \$6,502. The Regional Public Transportation Authority (RPTA) grant monies will be received in the third quarter of the year because they are based on an expenditure reimbursement basis.

HURF EXPENDITURES

Table F shows the third quarter FY 17 YTD HURF expenditures compared to FY 16. Of the \$120,509 expended YTD, \$62,547 or 51.9% is for salaries and benefits with the remainder for operational costs. HURF expenditures are \$17,072 higher than they were this time last year. Table H compares third quarter YTD to the budget. Total HURF expenditures are projected to finish under budget projections by \$185,715. As is the case with the General Fund, HURF expenditures fluctuate throughout the year. At this rate however, HURF should finish the year within budget.

Cash Balances

The Town has cash accounts at Compass Bank and the State Treasurer's Local Governmental Investment Pool (LGIP). Table I is a breakdown of the cash balances through March 31, 2016. Overall the Town has \$6.0 million in Compass Bank accounts and the LGIP. As of March, approximately \$1.2 million of the HURF Fund LGIP account will be transferred to the General Fund account where the Town will then have over \$4.2 million in the General Fund Account. There also may be funds from the Library Improvement Fund and the Impact Fee Fund to reimburse the General Fund for expenditures that were made on behalf of the Library or for growth related projects.

TABLES

TABLE A

GENERAL FUND 3RD QTR YTD REVENUE COMPARED TO YTD FY 16			
	FY 17	FY 16	VARIANCE
Town Sales Tax	1,194,654	1,165,857	28,797
Utility Franchise Fees	159,639	161,530	(1,890)
Occupational License	23,624	22,525	1,099
Building Permits	28,270	31,454	(3,184)
Audit Payments-Town Sales Tax	-	935	(935)
Urban Revenue Sharing	606,790	555,886	50,903
State Sales Tax	445,970	431,861	14,109
Vehicle License Tax	193,986	186,042	7,944
Recreation Fees	5,528	3,329	2,199
Library Revenue	733	981	(248)
Court Enhancement Fund	7,129	14,496	(7,366)
Judicial Collection Enhancement	811	1,134	(324)
Court Revenue	37,444	41,524	(4,080)
Court/Fill-the-Gap	484	570	(85)
Interest/Local Govt Inv Pool	9,314	3,876	5,438
Interest-Englewood Dev	3,154	4,432	(1,278)
Agua Fria Ranch CFD O&M	9,055	17,703	(8,648)
Donations	10,750	6,000	4,750
Miscellaneous*	16,642	10,690	5,951
AFR HOA Water Lease*	15,438	6,043	9,395
Total Revenue	2,769,414	2,666,868	102,547
*In FY 16, AFR HOA Water Lease was included in Miscellaneous. It has been moved manually for comparison purposes.			



TABLE B

GENERAL FUND 3RD QTR YTD EXPENDITURES COMPARED TO YTD FY 16			
	FY 17	FY 16	VARIANCE
GENERAL GOVERNMENT	788,422	712,654	(75,768)
PARKS	121,480	112,606	(8,874)
COURT	132,637	135,299	2,662
BUILDINGS	122,763	160,794	38,031
LIBRARY	92,456	83,068	(9,387)
COMMUNITY DEVELOPMENT	98,712	63,305	(35,407)
PUBLIC SAFETY	939,373	852,879	(86,494)
TOTAL EXPENDITURES	2,295,842	2,120,606	(175,236)



TABLE C

GENERAL FUND 3RD QTR YTD REVENUE COMPARED TO BUDGET				
	ACTUAL YTD	BUDGET	YEAR-END ESTIMATE	VARIANCE ESTIMATE VS BUDGET
Town Sales Tax	1,194,654	1,579,967	1,613,579	33,612
Utility Franchise Fees	159,639	200,000	201,455	1,455
Occupational License	23,624	30,000	35,399	5,399
Building Permits	28,270	30,000	40,455	10,455
Audit Payments-Town Sales Tax	-	24,000	-	(24,000)
Urban Revenue Sharing	606,790	809,570	808,018	(1,552)
State Sales Tax	445,970	622,852	598,099	(24,753)
Vehicle License Tax	193,986	257,091	261,961	4,870
Recreation Fees	5,528	6,130	7,832	1,702
Library Revenue	733	1,300	1,138	(162)
Court Enhancement Fund	7,129	22,000	8,576	(13,424)
Judicial Collection Enhancement	811	1,542	1,070	(472)
Court Revenue	37,444	56,000	49,726	(6,274)
Court/Fill-the-Gap	484	800	613	(187)
Interest/Local Govt Inv Pool	9,314	5,220	10,637	5,417
Interest-Englewood Dev	3,154	5,968	4,569	(1,399)
Agua Fria Ranch CFD O&M	9,055	20,948	20,948	-
Donations	10,750	9,100	11,550	2,450
Miscellaneous	16,642	4,000	25,151	21,151
AFR HOA Water Lease	15,438	17,000	19,615	2,615
Sale/Rental Town Property	-	1,020	-	(1,020)
Total Revenue	2,769,414	3,704,508	3,720,392	15,884

TABLE D

GENERAL FUND 3RD QTR YTD EXPENDITURES COMPARED TO BUDGET				
	ACTUAL YTD	BUDGET	YEAR-END ESTIMATE	VARIANCE ESTIMATE VS BUDGET
GENERAL GOVERNMENT*	788,422	1,171,370	996,651	174,719
PARKS	121,480	185,501	172,264	13,237
COURT	132,637	179,228	185,081	(5,853)
BUILDINGS	122,763	239,281	186,636	52,645
LIBRARY	92,456	132,638	130,012	2,626
COMMUNITY DEVELOPMENT	98,712	188,049	178,658	9,391
PUBLIC SAFETY	939,373	1,226,427	1,219,277	7,150
TOTAL EXPENDITURES	2,295,842	3,322,494	3,068,577	253,917

*The Budget is reduced by \$1,242,153 for unspent PSPRS liability and contingency to give a more accurate illustration.

TABLE E

HIGHWAY USER REVENUE FUND 3RD QTR YTD REVENUE COMPARED TO YTD FY 16			
	FY 17	FY 16	VARIANCE
Highway User Revenue	310,406	286,150	24,257
RPTA Grants	1,934	1,143	791
Interest/Local Govt Inv Pool	6,661	2,197	4,463
Total Revenue	319,001	289,490	29,511

TABLE F

HIGHWAY USER REVENUE FUND 3RD QTR YTD EXPENDITURES COMPARED TO YTD FY 16			
	FY 17	FY 16	VARIANCE
PERSONNEL	62,547	58,403	(4,145)
OPERATIONS	57,961	45,034	(12,927)
Total Expenditure	120,509	103,437	(17,072)

TABLE G

HIGHWAY USER REVENUE FUND 3RD QTR YTD REVENUE COMPARED TO BUDGET				
	ACTUAL YTD	BUDGET	YEAR-END ESTIMATE	VARIANCE ESTIMATE VS BUDGET
Highway User Revenue	310,406	415,944	422,446	6,502
RPTA Grants	1,934	18,527	20,484	1,957
Interest/Local Govt Inv Pool	6,661	612	7,071	6,459
Total Revenue	319,001	435,083	450,001	14,918

TABLE H

HIGHWAY USER REVENUE FUND 3RD QTR YTD EXPENDITURES COMPARED TO BUDGET				
	ACTUAL YTD	BUDGET	YEAR-END ESTIMATE	VARIANCE ESTIMATE VS BUDGET
PERSONNEL	62,547	89,181	84,971	4,210
OPERATIONS*	57,961	326,590	145,085	181,505
TOTAL EXPENDITURES	87,360	415,771	230,056	185,715

*The Budget is reduced by \$60,156 for unspent contingency to give a more accurate illustration.



TABLE I

All Youngtown accounts as of March 31, 2017	
Compass Bank Accounts	
Court*	\$ 20,027
Court Enhancement*	\$ 85,942
Fill the Gap*	\$ 6,141
General Fund***	\$ 1,062,204
Judicial Collection Enhancement Fund*	\$ 20,849
RICO (Police Confiscated Assets)**	\$ 11,617
Total	\$ 1,206,780
* Restricted to Court purposes	
** Restricted to Law Enforcement purposes	
*** Contains an inaccurate disbursement	
State Treasury (LGIP Accounts)	
Agua Fria Ranch Fee Fund*	\$ 564,899
Agua Fria Ranch CFD*	\$ 240,913
General***	\$ 2,008,909
Highway User Revenue Fund**	\$ 1,808,136
Impact Fees*	\$ 86,017
Library Improvement Fund*	\$ 110,152
Total	\$ 4,819,025
* Restricted to specific expenditures	
** Approximately \$1.2M will be transferred to GF	
*** Contains grants and Street Lighting Districts	