



City of Camarillo

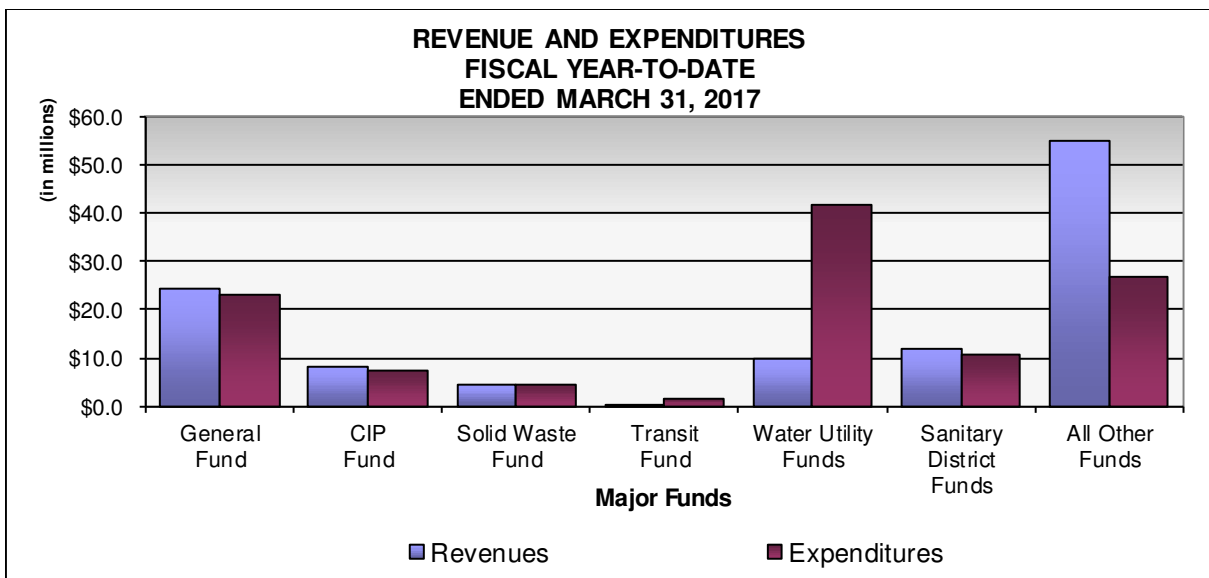
Revenue and Expenditure Reports

Fiscal Year 2016/17 Third Quarter Financial Report

July 1 through March 31, 2017

OVERVIEW

The City of Camarillo Third Quarter Financial Report summarizes the City’s financial information from July 1 through March 31, 2017. The following chart summarizes actual year-to-date revenues and expenditures, including transfers in/out, and is based on the adopted Fiscal Year (FY) 2016/17 budget adjusted for continuing appropriations (carryovers) and any budget amendments approved by City Council as of March 31, 2017. The General, Capital Improvement Projects (CIP), Solid Waste, Transit, Water Utility, and Sanitary District Funds are considered “**major funds**” and are our primary focus since their budgets represent the majority of the City’s total budget.



EXECUTIVE SUMMARY

With three-quarters of the fiscal year complete, we appear to be moving along consistent with past trends and as compared to the first nine months of last fiscal year. Revenues are tracking at 62.2% of budget, and our expenditures are at 54.5%, for all funds. Revenue and expenditure activity, estimated fund balance, and any major variance from the anticipated budget are detailed below for the major funds.

GENERAL FUND (101)

The General Fund is where the majority of discretionary funds are recorded and the majority of general municipal services are provided. Operating transfers are made to the Gas Tax, Citywide Lighting & Landscape, Storm Water Management, Transit, Library Operations, and Debt Service Funds. In addition,

the General Fund transfer funds to the CIP Fund for various projects. Staff continues to implement a long-range plan for fiscal sustainability, including a long-term strategy to address the on-going fiscal impacts of operating transfers from the General Fund.

In total, the General Fund has recorded approximately 64.3% of projected revenues and approximately 60.0% of budgeted expenditures and transfers. These percentages are consistent with prior year trends. Transfers to other funds are typically recorded on an as-needed basis. The fund balance at March 31, 2017, is \$59.9 million.

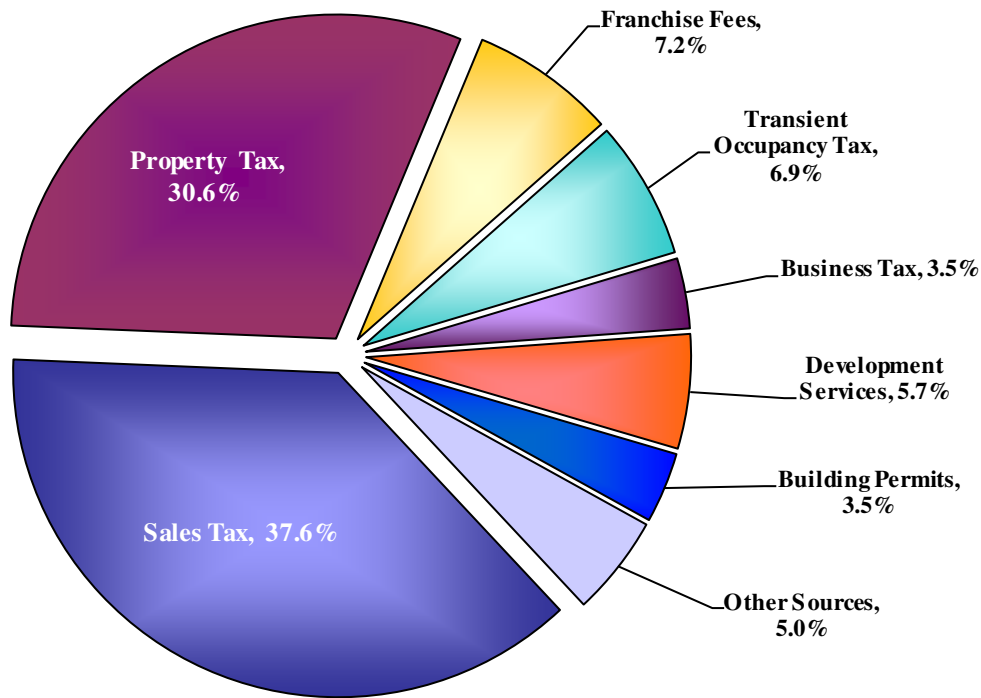
General Fund Summary (March 31, 2017)

	Adopted Budget	Amended Budget	YTD Actual	Percent Realized
Revenues	\$ 36,088,957	\$ 37,549,137	\$ 24,150,562	64.3%
Expenditures & Transfers Out	36,076,092	38,734,405	23,231,281	60.0%
Revenues Over/(Under) Expenditures	12,865	(1,185,268)	919,281	
Fund Balance, July 1	58,957,284	58,957,284	58,957,284	
Fund Balance, End of Period	\$ 58,970,149	\$ 57,772,016	\$ 59,876,565	

During the FY 2016-2018 budget process, Council committed \$49.7 million of the General Fund balance for City reserve policy, economic development, planned capital projects, and future operating transfers to other funds.

General Fund Revenues. The primary seven revenue sources account for approximately 95% of the total projected General Fund revenues. By focusing on these, we can obtain an excellent understanding of the General Fund revenue position.

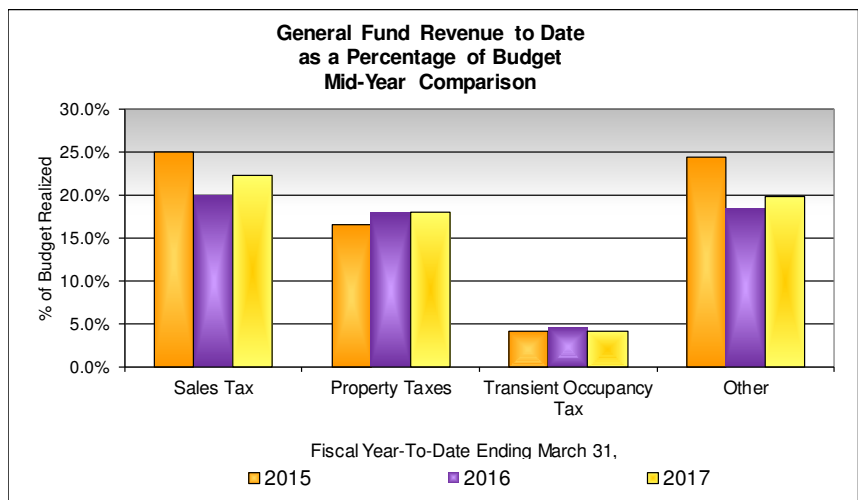
General Fund Revenue Composition



Overall these key revenues are performing as projected for the first half of the fiscal year, based on payment schedules and past trends with major variances as noted below.

Revenue Sources	Adopted Budget	Amended Budget	YTD Actual	Percent Realized
Sales Tax	\$ 14,412,500	\$ 14,130,000	\$ 8,386,478	59.4%
Property Tax	11,056,512	11,490,412	6,744,510	58.7%
Franchise Fees	2,707,912	2,707,912	996,781	36.8%
Transient Occupancy Tax	2,351,589	2,595,189	1,588,645	61.2%
Business Tax	1,273,544	1,320,744	1,007,521	76.3%
Development Services	916,545	2,123,945	2,360,123	111.1%
Building Permits	1,500,000	1,297,600	1,321,060	101.8%
Total	34,218,602	35,665,802	22,405,118	62.8%
Other Revenue Sources	1,870,355	1,883,335	1,745,444	92.7%
Total Fund Revenue	\$ 36,088,957	\$ 37,549,137	\$ 24,150,562	64.3%

- **Sales Tax** – The City has realized 59.4% of the \$14.1 million budgeted Sales Tax, compared to 47.2% third quarter last year. Fourth quarter 2016 actuals were lower than budgeted, setting a lower base for FY 2016/17.
- **Property Tax** - The first of two major apportionments occurred in December with the second following in April. Also included in this revenue projection of \$11,490,412 is \$5,329,837 in Property Tax In-Lieu of VLF, which is scheduled to be received in two equal installments. The second installment is schedule to be received in May 2017. This time last fiscal year, 62.4% of budgeted property tax had been realized.
- **Franchise Fees** - The majority of the Franchise Fees are received in April 2017.
- **Transient Occupancy Tax (TOT)** – The City has received 61.2% of the budgeted TOT, slightly lower than the 72.5% realized third quarter last fiscal year. The current occupancy of 84.2% is slightly higher than the 84.08% this time last fiscal year. During mid-year budget review, the revenue estimate was increased \$243,600 based on the occupancy trend. Since the upward adjustment, one hotel has closed for extensive renovations. We will continue to monitor the impact.
- **Business Tax** – As of March 31, 76.3% of the budgeted revenue has been realized, which is slightly lower than the 78.4% realized this time last fiscal year.
- **Development Services** - This revenue is primarily from Zoning and Planning Fees, Subdivision Fees, and Engineering Inspection Fees received early in the development process and are higher than anticipated with 111.1% of budget realized, compared with 132.7% last fiscal year. This revenue fluctuates due to the timing of planned development projects. Included are receipts from certain projects that were not anticipated at the time of mid-year budget review.
- **Building Permits** - With 101.8% of the annual budget realized through March 31, this revenue fluctuates due to the timing of planned development projects. Third quarter last fiscal year, the City had realized 53.3% of budgeted revenue.



General Fund Expenditures and Transfers. As illustrated in the table below, the majority of General Fund divisional expenditures and transfers are slightly lower than expected overall, averaging 60.0% of the annual budget.

Divisions	Adopted Budget	Amended Budget	YTD Actual	Percent Expended
City Council	\$ 653,363	\$ 653,363	\$ 428,122	65.5%
City Clerk	632,710	632,710	461,840	73.0%
City Attorney	509,374	509,374	320,755	63.0%
City Manager	1,222,705	1,222,705	762,572	62.4%
Finance	1,403,057	1,450,472	911,623	62.9%
Community Development	2,167,152	2,189,546	1,248,471	57.0%
Code Compliance	725,157	725,157	523,151	72.1%
Police	16,956,544	16,956,544	10,256,290	60.5%
DART	18,706	31,263	16,628	53.2%
Building & Safety	1,043,612	1,043,612	724,655	69.4%
Public Works	1,906,647	2,188,588	1,284,636	58.7%
Cultural Arts Services	738,830	754,875	440,994	58.4%
Economic Development	333,350	381,311	245,444	64.4%
Non Departmental	42,000	42,000	-	0.0%
Total	28,353,207	28,781,520	17,625,181	61.2%
Transfers Out	7,722,885	9,952,885	5,606,100	56.3%
Total Fund Expenditures	\$ 36,076,092	\$ 38,734,405	\$ 23,231,281	60.0%

All General Fund division expenditures are trending as anticipated through the third quarter of the fiscal year, with the exception of the following divisions that are trending lower:

- Community Development division due to administrative costs not expended in the first 9 months of the fiscal year such as Land Use and Recreation Elements and City CEQA Guidelines Update related consultant costs
- Police Services division and DART division due to timing of monthly invoices
- Public Works division due to lower Special Studies and Survey & Mapping costs
- Cultural Arts Services division due to the timing of an equipment purchase for Dizdar Park and the July 4th Celebration event

CAPITAL IMPROVEMENT PROJECTS FUND (410)

The Capital Improvement Projects (CIP) Fund accounts for the general capital projects. Revenues and expenditures are budgeted in the fiscal year corresponding with the various stages of the projects and include balances carried forward from the previous fiscal year. On June 22, 2016, the City Council approved year one of the City's Five-Year Capital Improvement Program 2016-2021, with a city wide total expenditure budget of \$27.4 million, of which \$3,650,000 is budgeted in the CIP Fund (410) for FY 2016/17. The amended budget includes carry-over funding for uncompleted projects from prior fiscal years and any budget changes approved by the City Council in the current fiscal year.

Capital Improvement Projects Fund Summary (March 31, 2017)

	Adopted Budget	Amended Budget	YTD Actual	Percent Realized
Revenues & Transfers In	\$ 1,990,000	\$ 14,040,175	\$ 8,244,090	58.7%
Expenditures	3,650,000	17,277,038	7,308,173	42.3%
Revenues Over/(Under) Expenditures	(1,660,000)	(3,236,863)	935,917	
Fund Balance, July 1	15,995,915	15,995,915	15,995,915	
Fund Balance, End of Period	<u>\$ 14,335,915</u>	<u>\$ 12,759,052</u>	<u>\$ 16,931,832</u>	

Funding for the CIP projects comes from a variety of sources, including federal, state, and county agencies, as well as capital fees collected from developers and interfund transfers.

At this point in the fiscal year, the CIP Fund has recognized 58.7% of the projected revenues and transfers in. Federal Capital Grants for transportation projects are the primary source, and funds are typically drawn down on a reimbursement basis after the expenditures are incurred.

The budgeted expenditures for this fund total \$17.3 million and through March 2017, 42.3% of budgeted expenditures have been disbursed due to timing of projects. The following represents the projects that account for the expenditures to date:

Project Expenditures		Adopted Budget	Amended Budget	YTD Actual	Percent Expended
Annual Pavement Rehab	Multiple	\$ 380,000	\$ 10,545,707	\$ 5,393,610	51.1%
Santa Rosa Road Widening	ST0501	-	2,369,047	1,815,668	76.6%
Conference Center Drain	CC1101	-	1,800,000	-	0.0%
Fire Station Reuse	CF0901	500,000	500,000	7,500	1.5%
Camarillo Heights-MP of Drainage	SD0502	400,000	500,000	-	0.0%
Carmen Drive Median Turf Replacement	ST1502	490,000	495,145	39,496	8.0%
Dunnigan Traffic Signal	TS1201	-	449,973	2,166	0.5%
Other Projects		1,880,000	617,166	49,733	8.1%
Total Major Projects		\$ 3,650,000	\$ 17,277,038	\$ 7,308,173	42.3%

SOLID WASTE FUND (805)**Solid Waste Fund Summary (March 31, 2017)**

	Adopted Budget	Amended Budget	YTD Actual	Percent Realized
<u>Revenues</u>				
Solid Waste Services	\$ 6,104,555	\$ 6,324,130	\$ 4,247,476	67.2%
Grants	35,700	35,700	35,899	100.6%
Other Revenue Sources	77,500	77,925	60,228	77.3%
Total Solid Waste Fund Revenue	6,217,755	6,437,755	4,343,603	67.5%
<u>Expenses</u>				
Operating Expenses	6,505,932	6,505,932	4,470,780	68.7%
Total Solid Waste Fund Expenses	6,505,932	6,505,932	4,470,780	68.7%
Revenues Over/(Under) Expenses	(288,177)	(68,177)	(127,177)	
Working Capital, July 1	553,776	553,776	553,776	
Adjustment to Working Capital	1,000	1,000	-	
Working Capital, End of Period	\$ 266,599	\$ 486,599	\$ 426,599	

The City provides refuse and recycling programs for residential and commercial customers and a green waste program for residential customers. The City contracts with a local hauler through an exclusive franchise agreement.

The Solid Waste Fund has recognized 67.5% of projected revenues and 68.7% of budgeted expenses. Both revenues and expenses are meeting projections through the third quarter.

TRANSIT FUND (810)**Transit Fund Summary (March 31, 2017)**

	Adopted Budget	Amended Budget	YTD Actual	Percent Realized
<u>Revenues</u>				
Transit Services	\$ 174,000	\$ 174,000	\$ 109,993	63.2%
Grants	1,375,840	1,661,856	-	0.0%
Other Revenue Sources	50,000	50,000	32,038	64.1%
Total	1,599,840	1,885,856	142,031	7.5%
Transfers In	350,000	935,000	147,900	15.8%
Total Transit Fund Revenue	1,949,840	2,820,856	289,931	10.3%
<u>Expenses</u>				
Operating Expenses	1,948,130	1,912,130	1,332,077	69.7%
Capital Purchases	300,000	980,719	267,402	27.3%
Depreciation	149,100	149,100	108,445	72.7%
Total Transit Expenses	2,397,230	3,041,949	1,707,924	56.2%
Metrolink Station Maint. Operating Expenses	76,812	76,812	41,378	53.9%
Metrolink Station Capital Expenses	294,716	294,716	4,569	1.6%
Total Metrolink Station Expenses	371,528	371,528	45,947	12.4%
Total Transit Fund Expenses	2,768,758	3,413,477	1,753,871	51.4%
Revenues Over/(Under) Expenses	(818,918)	(592,621)	(1,463,941)	
Working Capital Balance, July 1	488,224	488,224	488,224	
Adjustments to Working Capital	151,100	151,100	108,445	
Working Capital, End of Period	\$ (179,594)	\$ 46,703	\$ (867,272)	

The Transit Fund is where costs associated with operating the City’s transit system are recorded. The Transit Fund has recognized 10.3% of projected revenues and transfers in. Funding for the Transit Fund comes from a variety of sources, including Federal Grants, ridership fares, and transfers from the General Fund and the Air Quality Fund. The Federal Transit Administration (FTA) Grants provide for a majority of the revenues received in this fund, which are received on a reimbursement basis, after all the expenses are incurred, and typically after the fiscal year end. Other Revenue Sources include ADA Paratransit Ridership funds. The Transit Fund relies on interfund transfers from the Air Quality Fund and General Fund to meet its operational needs. The negative current ending working capital is due to the timing of grant revenue.

The Transit Fund has expended 51.4% of budgeted expenses through March 31. Operating expenses appear lower than expected, due to a one-month lag in transit service contract disbursements and the expenses are tracking as anticipated.

WATER UTILITY FUND (860 thru 863)

Water Utility Fund Summary (March 31, 2017)

All Water Utility Funds	Adopted Budget	Amended Budget	YTD Actual	Percent Realized
<u>Revenues</u>				
Water Sales	\$ 8,856,325	\$ 8,856,325	\$ 5,801,702	65.5%
Base Rate Charges	4,163,905	4,163,905	2,945,579	70.7%
Other Water Services Revenue Sources	801,718	722,618	542,325	75.1%
Investment Income	226,000	226,000	205,566	91.0%
Water Conservation Credit	2,000,000	2,000,000	245,740	12.3%
Other Revenue Sources	416,098	594,998	552,733	92.9%
Capital Improvement Fees	30,000	1,330,000	1,077,716	81.0%
Proceeds of Bonds Issued	15,000,000	15,000,000	-	0.0%
Total	31,494,046	32,893,846	11,371,361	34.6%
Transfers In	230,000	380,000	-	0.0%
Total Water Utility Fund Revenue	31,724,046	33,273,846	11,371,361	34.2%
<u>Expenses</u>				
General & Administrative	2,746,003	2,934,884	1,924,232	65.6%
Maintenance & Operations	10,596,598	10,605,838	6,315,001	59.5%
Water Conservation Credit	2,614,540	2,614,540	251,542	9.6%
Capital Purchases	37,000	37,000	28,804	77.9%
Capital Projects	17,890,797	17,890,797	183,503	1.0%
Depreciation	977,000	977,000	769,849	78.8%
Total	34,861,938	35,060,059	9,472,931	27.0%
Transfers Out	233,624	383,624	93,852	24.5%
Total Water Utility Fund Expenses	35,095,562	35,443,683	9,566,783	27.0%
Revenues Over/(Under) Expenses	\$ (3,371,516)	\$ (2,169,837)	1,804,578	
Working Capital, July 1	39,188,526	39,188,526	39,188,526	
Adjustments to Working Capital	995,900	995,900	769,849	
Working Capital, End of Period	\$ 36,812,910	\$ 38,014,589	\$ 41,762,953	

The Water Utility Fund is where revenue and expenses associated with the City’s water service, including Reclaimed Water, Water Conservation Credit, and Water Capital Projects are recorded. This fund is fully self-supporting and derives the majority of its revenue from ratepayers. Other revenue sources include investment earnings and capital fees collected from developers. The City provides water and associated maintenance to approximately 13,500 customers. Depending on the location, four other water companies

may provide water to Camarillo residents. The Water Utility Fund has been divided into four separate funds for budgeting and accounting purposes. The separation of these funds allows for a more transparent distinction between operating function costs and capital outlay.

In total, the Water Utility Fund has recognized 34.2% of projected revenues and transfers in. For comparison purposes, excluding the budgeted \$15.0 million bond proceeds intended for capital project funding which have not been issued to date, 62.2% of projected revenues have been realized. Water Conservation Credit revenue is trending lower than anticipated due to the timing of developer projects.

A low of 27.0% of budgeted expenses and transfers out have been realized, primarily due to one-time planned capital improvement projects that have not begun.

SANITARY DISTRICT FUNDS (871 thru 873)

Sanitary District Summary (March 31, 2017)

All Sanitary District Funds	Adopted Budget	Amended Budget	YTD Actual	Percent Realized
<u>Revenues</u>				
Regular Rate Charges	\$ 11,554,310	\$ 11,554,310	\$ 8,158,887	70.6%
Property Taxes	1,075,522	1,089,322	624,822	57.4%
Base Rate Charges	1,180,745	1,180,745	778,818	66.0%
Billing & Penalty Fees	188,000	188,000	143,004	76.1%
Other Revenue Sources	239,775	254,775	180,434	70.8%
Capital Improvement Fees	141,035	941,035	654,755	69.6%
Grants & Subventions	250,000	250,000	1,075,546	430.2%
Investment Income	186,500	186,500	168,541	90.4%
Total	14,815,887	15,644,687	11,784,807	75.3%
Transfers In	5,000,000	5,000,000	-	0.0%
Total Sanitary District Revenue	19,815,887	20,644,687	11,784,807	57.1%
<u>Expenses</u>				
General & Administrative	3,204,230	3,311,284	1,926,665	58.2%
Maintenance & Operations	5,567,376	5,650,376	3,358,978	59.5%
Debt Service	1,313,594	1,313,594	298,833	22.8%
Capital Purchases	215,000	175,308	59,980	34.2%
Capital Projects	6,820,000	12,667,218	3,213,872	25.4%
Depreciation	2,180,000	2,180,000	1,844,312	84.6%
Total	19,300,200	25,297,780	10,702,640	42.3%
Transfers Out	5,125,667	5,125,667	-	0.0%
Total Sanitary District Expenses	24,425,867	30,423,447	10,702,640	35.2%
Revenues Over/(Under) Expenses	\$ (4,609,980)	\$ (9,778,760)	1,082,167	
Working Capital, July 1	32,035,655	32,035,655	32,035,655	
Adjustments to Working Capital	2,198,800	2,198,800	1,844,312	
Working Capital, End of Period	<u>\$ 29,624,475</u>	<u>\$ 24,455,695</u>	<u>\$ 34,962,134</u>	

The Camarillo Sanitary District (CSD) is a separate governmental entity, formed in 1955 to provide wastewater treatment services for residential and commercial customers within its boundaries. The CSD is fully self-supporting and derives the majority of its revenue from ratepayers for services rendered. Other funding sources include property taxes and capital fees collected from developers. The CSD has been divided into three separate funds for budgeting purposes. The separation of these funds allows for ease in cash flow and rate setting.

In total, the Sanitary District Funds have recognized 75.3% of projected revenues. Expenses are lower than anticipated at 42.3% realized, primarily due to timing of debt service payments and capital project activity.

OTHER FUNDS

Storm Water Management Fund (270) – The revenues are currently tracking at 5.1% of the budget. The current fiscal year budgeted annual Special Assessment of \$154,100 is not anticipated until June 2017. Expenditures are lower than anticipated at 48.0%, primarily due to permit fees typically disbursed in October and timing of contract services invoicing.

Air Quality Fund (275) – Air Quality Fees have not been realized as projected, with 9.3% received, due to the timing of developer projects.

SUMMARY

With the third quarter of the fiscal year complete, all revenues are tracking at 62.2% of budget, and expenditures at 54.5% of budget. Both are slightly lower than anticipated. We will continue to monitor our revenues and expenditures closely.

This summary is based on information produced by the City's Finance Department. If you would like additional information or have any questions about the report, please contact me at 388-5320.