

# Quarterly Financial Report

Reporting financial results for the first quarter ended September 30, 2015

Woodburn Finance Department  
10/26/2015

# Executive Summary

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The Finance Department is pleased to offer this Quarterly Financial Report of City operations for your review. This report covers financial operations of critical operating funds through the first quarter, which ended September 30, 2015 relating to the fiscal year ending June 30, 2016. The Quarterly Financial Report is intended to not only be a community report on the fiscal progress of the City, but a tool for the City Administrator (Budget Officer), City Council and Budget Committee.

## Description of Flexible Budget

The term *Flexible Budget* is used throughout this report as a dynamic value, or variable, which changes throughout the year. It consists of both estimated and actual revenues and expenditures at a given point in time within the budget cycle. The City relies on historical trends, current operating patterns and other information to develop an appropriate estimate for each revenue and expense value.

By creating the Flexible Budget values, we are providing a quick and easy means to evaluate the status of any given budget line item. This should lead to quicker identification of issues and concerns so that appropriate action can be taken.

## First Quarter Financial Results

Woodburn's **General Fund** contains all of the City's discretionary resources that provide critical services such as police, library, recreation and parks programs, administration and other services. The General Fund's largest source of revenue is property taxes. Because the City receives the majority of its property taxes in November, we see a large negative variance in general fund revenues for the quarter ending September 30, 2015. The Finance Department has received the property tax information from Marion County for this year. The City taxes imposed for FY 2015-16 are consistent with the property tax budgeted in the General Fund. While not typically addressed in this report, it is noteworthy that URA imposed taxes for the same period declined 6.6%.

Expenditures may also not be incurred in a linear manner, as shown in some of the community services budgets. A majority of the programs run by these departments, like the annual Fiesta Mexicana, are scheduled for the summer months, and the first quarter financial report captures a majority of summer expenditures. Additionally, for ease of accounting, internal rent charges, certain budgeted transfers, information services charges and internal insurance costs have been booked as an expense to the applicable departments as of July 1, 2015.

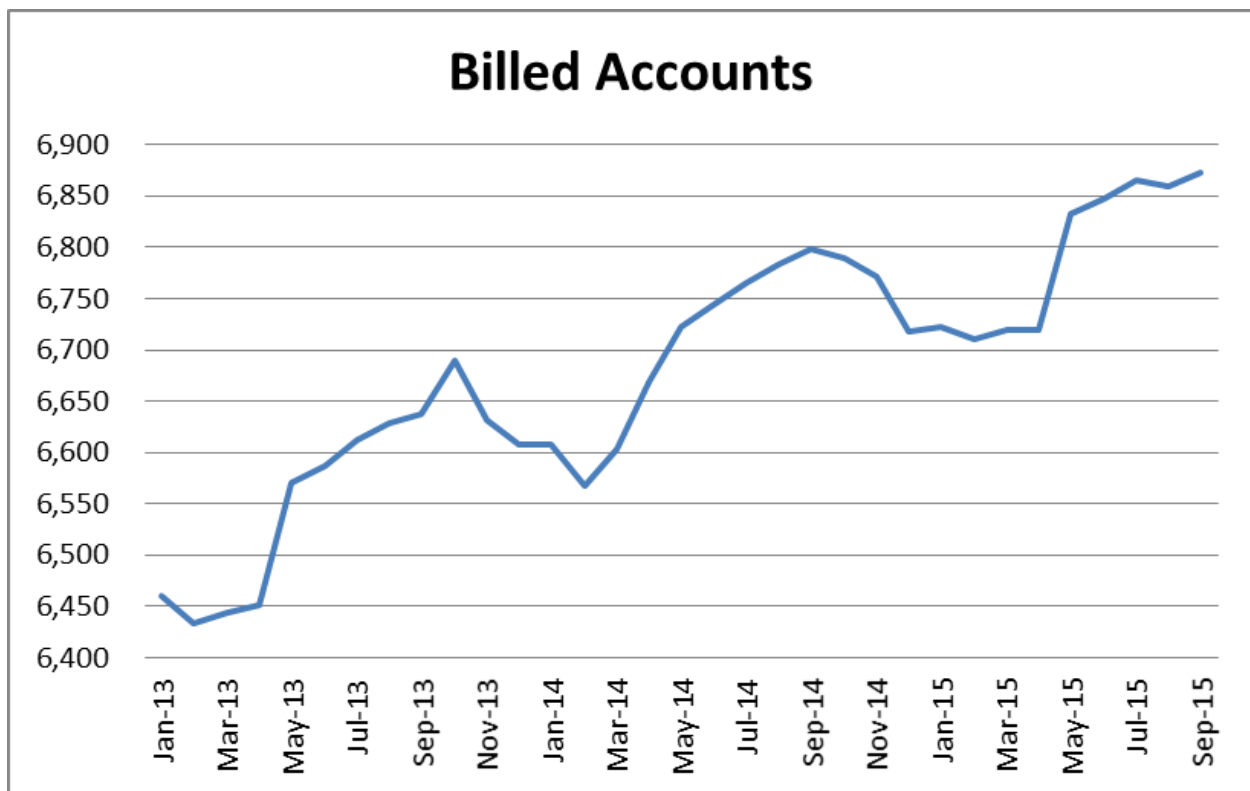
The **Transit Fund** is dependent on intergovernmental revenues from federal and state grants which are received for both operating expenditures and capital purchases. The majority of these grants are on a reimbursement basis, so revenues in this category have not been received by the date of this report.

The **Building Fund** has historically outpaced budgeted revenue during the first quarter of the fiscal year. However, very few large commercial projects have been completed, resulting in the relatively low revenues reported in this report. These results should not draw alarm to the financial stability of the fund.

The Planning Department has been made aware of three large commercial projects beginning in the very near future, and the preliminary discussions on the Woodburn School Bond projects have begun with an estimated project start date of about six months from the date of this report. The combination of these projects will substantially impact the fund in a positive way.

The **Street Fund** derives a vast majority of its revenue from state gas tax collections. This category of revenue is currently projected to exceed what was budgeted for FY 2015-16. This trend is likely to continue due to the completion of the Woodburn Interchange project, as well as the upcoming completion of a brand new Chevron service station near the interchange. Privilege taxes are also budgeted in this fund. PGE and NW Natural Gas historically remit payment on an annual and quarterly basis, respectively, so expect to see NW Natural payments on the mid-year report.

The **Water Fund** is exceeding budget, likely because of the seasonal nature of water usage and an unusually hot and dry summer, as well as a steady inflow of residents setting up water and sewer accounts in Woodburn. When you compare the months of September 2014 with September 2015, there are almost 100 more active connections in 2015. The graph below shows that residents are moving to Woodburn, as well as the seasonal impact inherent in being a public utility provider.



The **Sewer Fund** is experiencing the same increased revenue that the Water Fund is experiencing, however, July 2014 was the last of the approved sewer rate increases. Without the rate increase growth, the fund will need to be closely monitored for viability in the future. Please continue to look to the Five-

Year Financial Forecast for an update on the financial health of our proprietary funds, and in particular the Water and Sewer Funds. The document has an expected release in the second quarter of FY 2015-16.

The **Information Services Fund**, although an internal service fund, is included in this report because of the activity level. For ease of accounting, all internal service charges were booked as revenue on July 1, 2015. Many of the types of expenditures in this fund (software licenses, annual computer replacements, etc.) are purchased near the beginning of the fiscal year due to contractual timing and scheduling. For that reason, the flexible budgeted amount has been adjusted to show the fund is not in turmoil.

### **I-5 Interchange Project Complete**

The I-5 Interchange Project has come to a close. Financially, the completion of the project represents the release of a substantial obligation of the City. Although the check for \$4.3 million was paid to ODOT on July 30, 2015, the expenditure was accrued to the prior fiscal year. It must also be noted that the City may still incur some additional expenses as the project completely finalizes, but these are not expected to be large.

### **2014-15 Annual Audit Update**

The fieldwork for the FY 2014-15 annual audit is complete. The document is being drafted at this time and should be ready for presentation in early November.

As a very long summer is now behind us, we are encouraged to see the progress we have made, and excited for the challenges that lie ahead of us. I would like to give special thanks to Accounting Manager Matt Ellerbrook for his significant efforts in preparing this report. As you review this report, I welcome your questions, comments and any suggestions you may have. The best way to contact me is by email at [sarah.head@ci.woodburn.or.us](mailto:sarah.head@ci.woodburn.or.us).

Respectfully,



Sarah Head, MSFA, CMA  
Finance Director, City of Woodburn

October 26, 2015

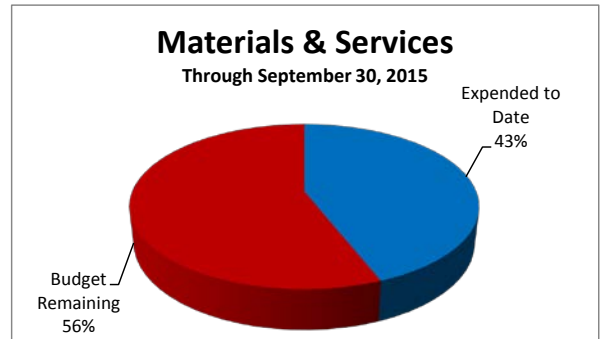
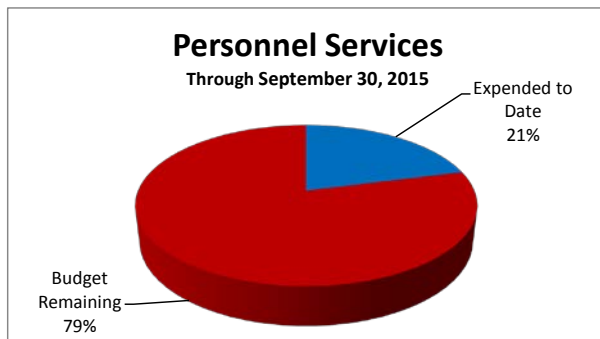
**City of Woodburn, Oregon**  
**Quarterly Financial Report**  
**Summary of Revenues and Expenditures**  
**Through September 30, 2015**

*General Fund*

Revenues	Year to Date			Annual			
	1st Qtr through September 30, 2015			through June 30, 2016			
	Flexible Budget	Actual	% of Budget	Annual Budget	Actual	Difference	% of Budget
Taxes	\$ 261,000	\$ 259,259	✓ 99% <sup>1</sup>	\$ 8,206,000	\$ 259,259	\$ 7,946,741	3%
Licenses and Permits	14,525	15,067	✓ 104%	58,100	15,067	43,033	26%
Franchise Fees	139,803	153,584	✓ 110% <sup>2</sup>	1,635,212	153,584	1,481,628	9%
Intergovernmental	49,213	38,786	⚠ 79% <sup>3</sup>	720,189	38,786	681,403	5%
Fines and Forfeits	163,850	115,581	⚠ 71% <sup>4</sup>	655,400	115,581	539,819	18%
Charges for Goods and Services	145,044	224,080	✓ 154%	580,177	224,080	356,097	39%
Misc	202,662	136,849	⚠ 68% <sup>5</sup>	754,299	136,849	617,450	18%
<b>Total Revenues</b>	<b>976,098</b>	<b>943,207</b>	<b>97%</b>	<b>12,609,377</b>	<b>943,207</b>	<b>11,666,170</b>	<b>7%</b>
<b>Expenditures</b>							
<i>Council &amp; Mayor</i>							
Materials & Services	12,414	10,941	✓ 88%	17,803	10,941	6,862	61%
<i>Administration</i>							
Personnel Services	46,642	53,379	⚠ 114% <sup>6</sup>	202,117	53,379	148,738	26%
Materials & Services	27,139	23,370	✓ 86%	43,639	23,370	20,269	54%
<i>Economic Development</i>							
Personnel Services	11,004	-	✓ 0%	47,683	-	47,683	0%
Materials & Services	4,925	-	✓ 0%	9,200	-	9,200	0%
<i>City Recorder</i>							
Personnel Services	14,369	14,006	✓ 97%	62,266	14,006	48,260	22%
Materials & Services	6,881	5,929	✓ 86%	16,368	5,929	10,439	36%
<i>City Attorney</i>							
Personnel Services	34,960	33,585	✓ 96%	151,492	33,585	117,907	22%
Materials & Services	16,415	13,741	✓ 84%	33,665	13,741	19,924	41%
<i>Finance</i>							
Personnel Services	82,716	77,078	✓ 93%	358,437	77,078	281,359	22%
Materials & Services	88,640	76,199	✓ 86%	213,702	76,199	137,503	36%
<i>Human Resources</i>							
Personnel Services	18,498	17,600	✓ 95%	80,160	17,600	62,560	22%
Materials & Services	13,993	10,255	✓ 73%	33,193	10,255	22,938	31%
<i>Police</i>							
Personnel Services	1,296,155	1,171,140	✓ 90%	5,616,670	1,171,140	4,445,530	21%
Materials & Services	754,293	697,094	✓ 92%	1,492,537	697,094	795,443	47%
Capital Outlay	-	-	✓ 0%	48,000	-	48,000	0%
<i>Library</i>							
Personnel Services	129,738	116,334	✓ 90%	562,198	116,334	445,864	21%
Materials & Services	170,374	163,200	✓ 96%	293,298	163,200	130,098	56%
Capital Outlay	6,600	6,577	✓ 100%	6,600	6,577	23	100%
<i>Recreation</i>							
Personnel Services	45,083	35,696	✓ 79%	195,358	35,696	159,662	18%
Materials & Services	133,286	134,291	⚠ 101% <sup>7</sup>	257,562	134,291	123,271	52%
<i>Aquatics</i>							
Personnel Services	67,365	71,471	⚠ 106% <sup>7</sup>	291,916	71,471	220,445	24%
Materials & Services	78,773	67,029	✓ 85%	242,348	67,029	175,319	28%
<i>RSVP</i>							
Personnel Services	13,932	11,558	✓ 83%	60,371	11,558	48,813	19%
Materials & Services	6,415	4,998	✓ 78%	13,639	4,998	8,641	37%
<i>Community Services Admin</i>							
Personnel Services	53,964	33,910	✓ 63%	233,845	33,910	199,935	15%
Materials & Services	32,148	34,450	⚠ 107% <sup>8</sup>	77,987	34,450	43,537	44%
<i>Planning</i>							
Personnel Services	75,666	57,530	✓ 76%	327,884	57,530	270,354	18%
Materials & Services	30,594	28,979	✓ 95%	47,169	28,979	18,190	61%
<i>Engineering</i>							

Personnel Services	141,758	131,983	✓ 93%	614,284	131,983	482,301	21%
Materials & Services	92,428	76,254	✓ 83%	158,936	76,254	82,682	48%
<i>Maintenance</i>							
Personnel Services	100,657	89,054	✓ 88%	436,180	89,054	347,126	20%
Materials & Services	169,456	103,968	✓ 61%	457,092	103,968	353,124	23%
<i>Non-Departmental</i>							
Materials & Services	152,048	175,645	🟡 116% <sup>9</sup>	265,560	175,645	89,915	66%
Transfers Out	326,241	326,241	✓ 100%	402,241	326,241	76,000	81%
Capital Outlay	-	-	✓ 0%	6,875	-	6,875	0%
<i>Ending Fund Balance</i>	-	-	0%	2,931,102	-	2,931,102	0%
<b>Total Expenditures</b>	<b>4,255,566</b>	<b>3,873,486</b>	<b>91%</b>	<b>16,309,377</b>	<b>3,873,486</b>	<b>12,435,891</b>	<b>24%</b>
Revenue over (under) Expenditures	(3,279,468)	(2,930,280)		(3,700,000)	(2,930,280)	769,720	
Beginning Fund Balance	3,700,000	4,470,383		3,700,000	4,470,383	770,383	
<b>Ending Fund Balance</b>	<b>\$ 420,532</b>	<b>\$ 1,540,103</b>		<b>\$ -</b>	<b>\$ 1,540,103</b>	<b>\$ 1,540,103</b>	

- 1 The City receives the majority of its property taxes in November.
- 2 A large portion of this revenue type is the annual PGE franchise fee turnover which typically arrives in June.
- 3 A majority of this category of revenue accounts for grant proceeds which typically are on a reimbursement basis. Revenue will arrive in the second quarter of FY 2015-16.
- 4 Includes court fines which are currently experiencing a dramatic decline in revenues.
- 5 Includes engineering support charges from Street, Water, Sewer & other funds.
- 6 Council approved one time payroll expense.
- 7 Due to the seasonal nature of these departments, expenditures are higher in the summer months.
- 8 This quarter contains a significant amount of expenditure due to Fiesta Mexicana, an event paid out of the community services admin budget.
- 9 Recruitment for Chief of Police and other professional fees are higher than expected this year. It is possible that a supplemental budget may be required.



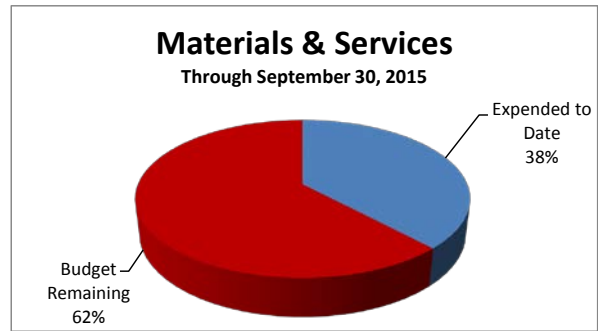
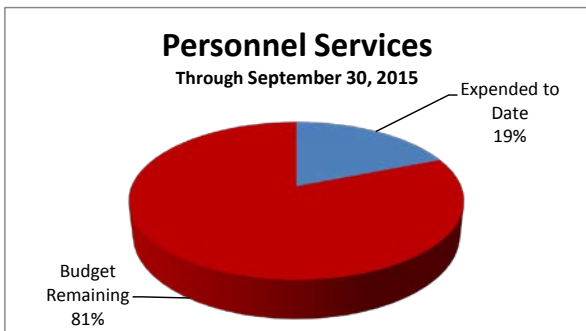
**City of Woodburn, Oregon**  
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**Summary of Revenues and Expenditures**  
**Through September 30, 2015**

*Transit Fund*

Revenues	Year to Date			Annual			
	1st Qtr through September 30, 2015			through June 30, 2016			
	Flexible Budget	Actual	% of Budget	Annual Budget	Actual	Difference	% of Budget
Intergovernmental	\$ -	-	0% <sup>1</sup>	\$ 440,000	\$ -	\$ 440,000	0%
Charges for Goods and Services	12,125	12,143	100%	48,500	12,143	36,357	25%
Misc	2,563	3,421	134%	10,250	3,421	6,829	33%
Transfers In	116,000	116,000	100%	116,000	116,000	-	100%
<b>Total Revenues</b>	<b>130,688</b>	<b>131,564</b>	<b>101%</b>	<b>614,750</b>	<b>131,564</b>	<b>483,186</b>	<b>21%</b>
<b>Expenditures</b>							
Personnel Services	94,587	76,401	81% <sup>2</sup>	409,875	76,401	333,474	19%
Materials & Services	99,735	86,112	86%	226,772	86,112	140,660	38%
Transfers Out	3,001	3,001	100%	3,001	3,001	-	100%
Contingency & Unapprop.	-	-	0%	45,102	-	45,102	0%
<b>Total Expenditures</b>	<b>197,322</b>	<b>165,514</b>	<b>84%</b>	<b>684,750</b>	<b>165,514</b>	<b>519,236</b>	<b>24%</b>
Revenue over (under) Expenditures	(66,635)	(33,951)		(70,000)	(33,951)	36,049	
Beginning Fund Balance	70,000	140,025		70,000	140,025	70,025	
<b>Ending Fund Balance</b>	<b>\$ 3,365</b>	<b>\$ 106,074</b>		<b>\$ -</b>	<b>\$ 106,074</b>	<b>\$ 106,074</b>	

<sup>1</sup> This category of revenue accounts for grant proceeds, which typically are on a reimbursement basis. Revenue will arrive in the second quarter of FY 2015-16.

<sup>2</sup> Transit Manager position was vacant in July.

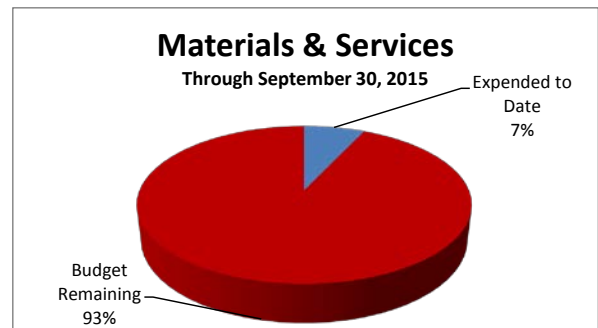


**City of Woodburn, Oregon**  
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**Summary of Revenues and Expenditures**  
**Through September 30, 2015**

*Building Fund*

Revenues	Year to Date			Annual			
	1st Qtr through September 30, 2015			through June 30, 2016			
	Flexible Budget	Actual	% of Budget	Annual Budget	Actual	Difference	% of Budget
Intergovernmental	\$ 93,883	40,369	43%	\$ 375,530	\$ 40,369	\$ 335,161	11%
Licenses & Permits	105,639	97,006	92%	422,554	97,006	325,548	23%
Misc	5,425	5,781	107%	21,700	5,781	15,919	27%
<b>Total Revenues</b>	<b>204,946</b>	<b>143,155</b>	<b>70%</b>	<b>819,784</b>	<b>143,155</b>	<b>676,629</b>	<b>17%</b>
<b>Expenditures</b>							
Personnel Services	107,793	82,154	76%	467,104	82,154	384,950	18%
Materials & Services	211,235	33,249	16%	453,715	33,249	420,466	7%
Transfers Out	3,001	3,001	100%	3,001	3,001	-	100%
Contingency & Unapprop.	-	-	0%	245,964	-	245,964	0%
<b>Total Expenditures</b>	<b>322,029</b>	<b>118,403</b>	<b>37%</b>	<b>1,169,784</b>	<b>118,403</b>	<b>1,051,381</b>	<b>10%</b>
Revenue over (under) Expenditures	(117,083)	24,752		(350,000)	24,752	374,752	
Beginning Fund Balance	350,000	464,903		350,000	464,903	114,903	
<b>Ending Fund Balance</b>	<b>\$ 232,917</b>	<b>\$ 489,655</b>		<b>\$ -</b>	<b>\$ 489,655</b>	<b>\$ 489,655</b>	

Fund is experiencing the effects of a slight decline in large commercial projects.





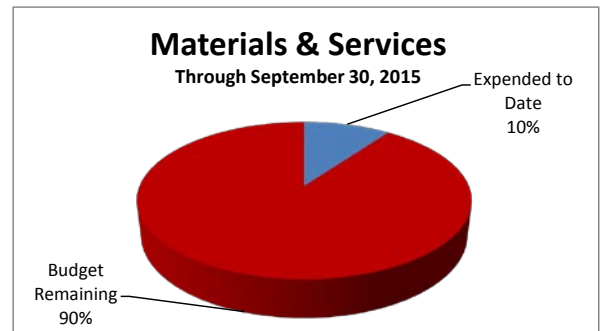
**City of Woodburn, Oregon**  
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**Summary of Revenues and Expenditures**  
**Through September 30, 2015**

*Street Fund*

Revenues	Year to Date			Annual			
	1st Qtr through September 30, 2015			through June 30, 2016			
	Flexible Budget	Actual	% of Budget	Annual Budget	Actual	Difference	% of Budget
Intergovernmental	\$ 193,575	241,733	✓ 125% <sup>1</sup>	\$ 1,300,000	\$ 241,733	\$ 1,058,267	19%
Franchise Fees	-	-	✓ 0% <sup>2</sup>	350,000	-	350,000	0%
Taxes	18,417	19,792	✓ 107%	105,000	19,792	85,208	19%
Licenses & Permits	-	67	✓ 0%	-	67	(67)	0%
Misc	4,313	4,233	✓ 98%	190,034	4,233	185,801	2%
Transfers In	220,000	220,000	✓ 100%	220,000	220,000	-	100%
<b>Total Revenues</b>	<b>436,305</b>	<b>485,824</b>	<b>111%</b>	<b>2,165,034</b>	<b>485,824</b>	<b>1,679,210</b>	<b>22%</b>
<b>Expenditures</b>							
Personnel Services	138,332	127,256	✓ 92%	599,438	127,256	472,182	21%
Materials & Services	453,367	160,076	✓ 35%	1,635,179	160,076	1,475,103	10%
Transfers Out	34,501	34,501	✓ 100%	264,501	34,501	230,000	13%
Capital Outlay	-	-	✓ 0%	12,000	-	12,000	0%
Contingency & Unapprop.	-	-	✓ 0%	2,553,916	-	2,553,916	0%
<b>Total Expenditures</b>	<b>626,199</b>	<b>321,834</b>	<b>51%</b>	<b>5,065,034</b>	<b>321,834</b>	<b>4,743,200</b>	<b>6%</b>
Revenue over (under) Expenditures	(189,895)	163,990		(2,900,000)	163,990	3,063,990	
Beginning Fund Balance	2,900,000	2,966,045		2,900,000	2,966,045	66,045	
<b>Ending Fund Balance</b>	<b>\$ 2,710,105</b>	<b>\$ 3,130,035</b>		<b>\$ -</b>	<b>\$ 3,130,035</b>	<b>\$ 3,130,035</b>	

<sup>1</sup> State Gas Tax revenue is currently outperforming estimations.

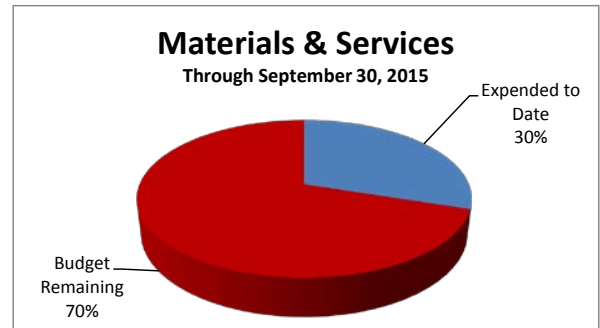
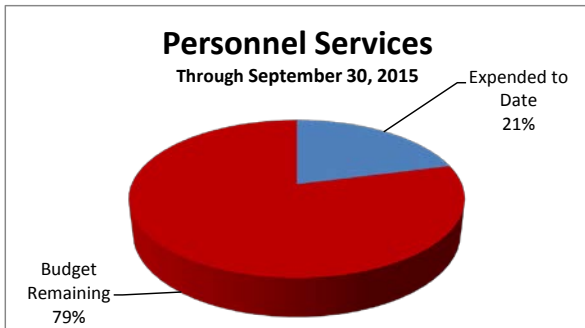
<sup>2</sup> A large portion of this revenue type is the annual PGE franchise fee turnover, which typically arrives in early June.



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**Through September 30, 2015**

*Water Fund*

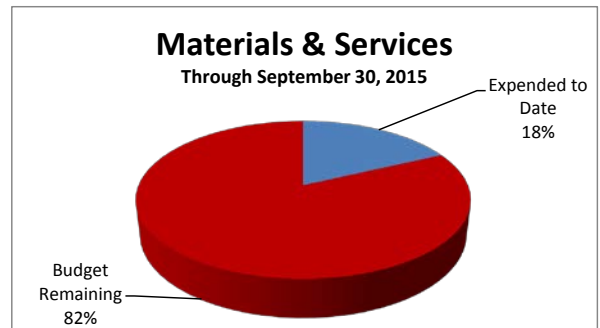
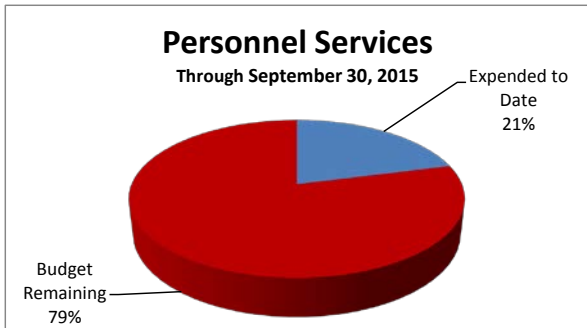
	Year to Date			Annual			
	1st Qtr through September 30, 2015			through June 30, 2016			
	Flexible Budget	Actual	% of Budget	Annual Budget	Actual	Difference	% of Budget
<b>Revenues</b>							
Charges for Goods and Services	\$ 864,577	1,117,123	✓ 129%	\$ 3,458,306	\$ 1,117,123	\$ 2,341,183	32%
Misc	15,900	17,016	✓ 107%	63,600	17,016	46,584	27%
<b>Total Revenues</b>	<b>880,477</b>	<b>1,134,139</b>	<b>129%</b>	<b>3,521,906</b>	<b>1,134,139</b>	<b>2,387,767</b>	<b>32%</b>
<b>Expenditures</b>							
Personnel Services	295,950	263,208	✓ 89%	1,282,452	263,208	1,019,244	21%
Materials & Services	316,447	281,095	✓ 89%	925,040	281,095	643,945	30%
Debt Service	-	-	✓ 0%	1,156,098	-	1,156,098	0%
Transfers Out	32,391	32,391	✓ 100%	32,391	32,391	-	100%
Contingency & Unapprop.	-	-	✓ 0%	1,983,925	-	1,983,925	0%
<b>Total Expenditures</b>	<b>644,789</b>	<b>576,695</b>	<b>89%</b>	<b>5,379,906</b>	<b>576,695</b>	<b>4,803,211</b>	<b>11%</b>
Revenue over (under) Expenditures	235,688	557,444		(1,858,000)	557,444	2,415,444	
Beginning Fund Balance	1,858,000	1,942,867		1,858,000	1,942,867	84,867	
<b>Ending Fund Balance</b>	<b>\$ 2,093,688</b>	<b>\$ 2,500,311</b>		<b>\$ -</b>	<b>\$ 2,500,311</b>	<b>\$ 2,500,311</b>	



**City of Woodburn, Oregon**  
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**Summary of Revenues and Expenditures**  
**Through September 30, 2015**

*Sewer Fund*

	Year to Date			Annual			
	1st Qtr through September 30, 2015			through June 30, 2016			
	Flexible Budget	Actual	% of Budget	Annual Budget	Actual	Difference	% of Budget
<b>Revenues</b>							
Charges for Goods and Services	\$ 1,937,983	1,954,843	✓ 101%	\$ 7,751,933	\$ 1,954,843	\$ 5,797,090	25%
Misc	7,750	7,804	✓ 101%	31,000	7,804	23,196	25%
<b>Total Revenues</b>	<b>1,945,733</b>	<b>1,962,647</b>	<b>101%</b>	<b>7,782,933</b>	<b>1,962,647</b>	<b>5,820,286</b>	<b>25%</b>
<b>Expenditures</b>							
Personnel Services	417,299	383,527	✓ 92%	1,808,295	383,527	1,424,768	21%
Materials & Services	720,322	427,010	✓ 59%	2,356,766	427,010	1,929,756	18%
Debt Service	445,031	445,031	✓ 100%	3,380,064	445,031	2,935,033	13%
Transfers Out	146,142	146,142	✓ 100%	826,142	146,142	680,000	18%
Contingency & Unapprop.	-	-	✓ 0%	4,155,666	-	4,155,666	0%
<b>Total Expenditures</b>	<b>1,728,793</b>	<b>1,401,710</b>	<b>81%</b>	<b>12,526,933</b>	<b>1,401,710</b>	<b>11,125,223</b>	<b>11%</b>
Revenue over (under) Expenditures	216,940	560,936		(4,744,000)	560,936	5,304,936	
Beginning Fund Balance	4,744,000	5,869,126		4,744,000	5,869,126	1,125,126	
<b>Ending Fund Balance</b>	<b>\$ 4,960,940</b>	<b>\$ 6,430,062</b>		<b>\$ -</b>	<b>\$ 6,430,062</b>	<b>\$ 6,430,062</b>	



**City of Woodburn, Oregon**  
**Quarterly Financial Report**  
**Summary of Revenues and Expenditures**  
**Through September 30, 2015**

*Information Services Fund*

	Year to Date			Annual			
	1st Qtr through September 30, 2015			through June 30, 2016			
	Flexible Budget	Actual	% of Budget	Annual Budget	Actual	Difference	% of Budget
<b>Revenues</b>							
Misc	\$ 713,381	713,381	100%	\$ 713,060	\$ 713,381	\$ (321)	100%
Charges for Goods and Services	27,633	21,315	77% <sup>1</sup>	110,531	21,315	89,216	19%
Transfers In	57,529	57,529	100%	57,529	57,529	-	100%
<b>Total Revenues</b>	<b>798,543</b>	<b>792,225</b>	<b>99%</b>	<b>881,120</b>	<b>792,225</b>	<b>88,895</b>	<b>90%</b>
<b>Expenditures</b>							
Personnel Services	83,667	75,935	91%	362,559	75,935	286,624	21%
Materials & Services	220,000	206,128	94% <sup>2</sup>	442,551	206,128	236,423	47%
Capital Outlay	69,165	69,165	100%	117,529	69,165	48,364	59%
Contingency & Unapprop.	-	-	0%	28,481	-	28,481	0%
<b>Total Expenditures</b>	<b>372,832</b>	<b>351,228</b>	<b>94%</b>	<b>951,120</b>	<b>351,228</b>	<b>599,892</b>	<b>37%</b>
Revenue over (under) Expenditures	425,710	440,998		(70,000)	440,998	510,998	
Beginning Fund Balance	70,000	160,392		70,000	160,392	90,392	
<b>Ending Fund Balance</b>	<b>\$ 495,710</b>	<b>\$ 601,390</b>		<b>\$ -</b>	<b>\$ 601,390</b>	<b>\$ 601,390</b>	

<sup>1</sup> A majority of outside agencies are billed for services on a quarterly basis, with payments being remitted soon after the period ends.

<sup>2</sup> Due to the nature of the expenditures in this fund (software licenses, computer replacements, etc.), many occur at the beginning of the fiscal year.

