

# NOTES

TO: Honorable Mayor and City Council Members

FROM: Barbara Lipscomb, City Manager *C.M.D. for B.L.*

DATE: February 20, 2013

SUBJECT: Materials for Your Information

Please find attached the following material for your information:

1. A memo from me regarding agenda thumbdrives
2. A memo from Kimberly Branch, Financial Services Manager, regarding the Major Fund Monthly Financial Report as of January 31, 2013

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Attachments

cc: Dave Holec, City Attorney  
Carol Barwick, City Clerk

## MEMORANDUM

TO: Mayor and City Council Members

FROM: Barbara Lipscomb, City Manager 

DATE: February 20, 2013

SUBJECT: Thumbdrives

In an effort to make the agenda process more efficient, the City Manager's office will no longer provide thumbdrives containing the agenda. This will allow us to streamline staff resources required to prepare the thumbdrives, as well as finalize and post the agendas in a more timely fashion. Several of you have already indicated you no longer needed or wished to receive the thumbdrives. Also, now that ipads are being utilized by everyone, the continued need for the thumbdrives seems obsolete.

In an effort to notify you when the agendas are finalized and posted, our office will send you an email containing a link to the agenda. Let me know if you have any questions or concerns regarding this process.

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cc: Dave Holec, City Attorney  
Carol Barwick, City Clerk



FROM THE OFFICE OF THE  
DIRECTOR OF FINANCIAL SERVICES  
MEMORANDUM

TO: Barbara Lipscomb, City Manager  
Christopher Padgett, Interim City Manager

FROM: Kimberly Branch, CPA, Financial Services Manager *KOB*

DATE: February 18, 2013

SUBJECT: Major Fund Monthly Financial Report – As of January 31, 2013

Attached is the financial report for the month ending January 31, 2013. Report data reflects the seven months (58%) of fiscal year (FY) 2013. Unexpected and/or significant variances greater than (+/-10%) will be noted. Departments should continue to use the monthly budget exception report, which is available to review and ensure spending is in compliance with budget restrictions.

GENERAL FUND SUMMARY AS OF JANUARY 31, 2013								
	2013 MTD	2012 MTD	% CHANGE	2013 YTD	2012 YTD	% CHANGE	2013 BUDGET	% REC./ SPENT
REVENUES	\$ 7,226,462	\$ 7,088,281	2%	\$48,450,576	\$50,460,404	-4%	\$77,840,038	62%
EXPENSES	\$ 4,795,342	\$ 3,831,425	25%	\$36,926,414	\$36,204,466	2%	\$77,840,038	47%
NET	\$ 2,431,120	\$ 3,256,856	-25%	\$11,524,162	\$14,255,938	-19%		

- Month-to-date Net Results indicate a decrease of 25%. This net change is due to increased expenses by 25%, primarily caused by the number, cost and timing of approved Capital Improvements Projects. Month-to-date amounts in FY 2012 are skewed due to the transfer of Hurricane Irene Storm Debris Removal costs to a separate fund.
- Year-to-date Net Results show a drop of 19%, largely due the decrease in Property Tax revenues, as a result of decreased property assessments and the related tax rate for the current fiscal year.

GENERAL FUND REVENUE BY TYPE SUMMARY AS OF JANUARY 31, 2013								
TAXES & FEES	2013 MTD	2012 MTD	% CHANGE	2013 YTD	2012 YTD	% CHANGE	2013 BUDGET	% REC/ SPENT
PROPERTY	\$ 4,642,814	\$4,582,291	1%	\$ 26,893,708	\$28,143,498	-4%	\$29,312,043	92%
SALES	1,156,675	989,702	17%	5,954,109	6,029,429	-1%	14,663,439	41%
UTILITIES	-	-	0%	2,834,862	2,939,576	-4%	5,540,166	51%
MOTOR VEHICLE	89,141	89,226	0%	475,783	500,897	-5%	880,925	54%
INSPECTION	79,031	141,941	-44%	402,242	475,814	-15%	694,700	58%
RESCUE	263,655	113,997	>100%	1,625,096	1,212,181	34%	3,062,835	53%
RECREATION	95,577	115,464	-17%	645,496	655,130	-1%	1,314,300	49%
INVESTMENTS	67,747	137,687	-51%	797,738	1,029,991	-23%	1,767,095	45%
GUC TRANS. IN	470,586	481,702	-2%	3,263,728	3,204,434	2%	6,098,806	54%
POWELL BILL	-	-	0%	2,171,367	2,125,754	2%	2,157,640	101%
SUBTOTAL	6,865,226	6,652,010	3%	45,064,129	46,316,704	-3%	65,491,949	69%
ALL OTHER REV.	355,155	291,162	22%	3,302,423	3,311,162	0%	12,048,089	27%
TRANSFERS	6,081	145,109	<100%	84,024	832,538	<100%	300,000	28%
SUBTOTAL	361,236	436,271	-17%	3,386,447	4,143,700	-18%	12,348,089	27%
TOTAL	\$ 7,226,462	\$7,088,281	2%	\$ 48,450,576	\$50,460,404	-4%	\$77,840,038	62%

- Year-to-date total revenues decreased four percent compared to the prior year. Month-to-date Property Tax receipts are up by one percent due to a timing difference in the receipt of taxes. A four percent year-to-date decrease in Property Tax is related to decreased property assessments and the related tax rate for the current fiscal year. Total Property Tax was budgeted to decrease 2% from prior year's budget. At this time, Property Tax is expected to meet budget at the end of the year.
- Sales Tax revenue has been volatile in the last few years due to the timing difference between State receipt, distribution of Sales Tax revenue, and the timing of Sales Tax refunds. Also the Sales Tax distribution patterns have been affected by distribution errors on the State's side over the last several years. Year-to-date revenues are relatively flat.
- Inspection revenue has decreased mainly due to the reduction in Building Permit revenue. This is a result of lower construction projects in January of this fiscal year compared to prior year.
- Year-to-date Rescue revenue has increased 34% when compared to prior year. Also month-to-date revenue has increased by \$149,658. This rise in revenue is primarily due to the higher amount of Medicaid reimbursements along with the normal increase in calls for service.
- Month-to-date Recreation Fees decreased 17% compared to prior year due to the Senior Program trip to Alaska in the prior year.
- Year-to-date and month-to-date Investment Earnings decreased by 51% and 23%, respectively. This variance is due to reductions in interest rates and coupon payments compared to the prior year.
- Month-to-date, the Other Revenues increase of 22% is due to grant-related revenues. These receipts may vary depending on the amount of grants applied for and the timing of grant reimbursements.
- Transfer revenue varies depending on specific needs at a given time. Month-to-date and year-to-date variances are due to the timing of capital projects.

GENERAL FUND EXPENSE BY TYPE SUMMARY AS OF JANUARY 31, 2013						
TYPE	2013 MTD	2012 MTD	% CHANGE	2013 YTD	2012 YTD	% CHANGE
PERSONNEL	\$ 3,442,232	\$ 3,501,573	-2%	\$ 25,112,706	\$ 25,208,867	0%
OPERATIONS	594,688	852,610	-30%	7,402,100	7,950,045	-7%
CAPITAL OUTLAY	-	29,659	-100%	96,355	82,175	17%
CAPITAL IMPROVEMENTS	758,422	(644,031)	>100%	2,131,214	1,380,743	54%
INDIRECT COST REIMB.	-	-	0%	(507,286)	(300,677)	69%
TRANSFERS	-	91,614	-100%	2,691,325	1,883,313	43%
<b>TOTAL</b>	<b>\$4,795,342</b>	<b>\$3,831,425</b>	<b>25%</b>	<b>\$36,926,414</b>	<b>\$36,204,466</b>	<b>2%</b>

The expense category is relatively flat when comparing current year-to-date to prior year, increasing by only two percent. Each category (Personnel, Operations, Capital Outlay, etc.) fluctuates year to year and month to month due to the timing of payment for various items and the number of payrolls included. A brief explanation is provided below:

- **OPERATIONS:** The month-to-date Operations cost reduction is mainly due to changes in Police and Public Works departments. Please refer to the next section for details.
- **CAPITAL OUTLAY & IMPROVEMENTS:** These costs will vary depending on department needs, the timing of purchases, and project activity. Year-to-date, the variance in Capital Outlay is largely due to fire equipment purchased in the current fiscal year. The month-to-date Capital Improvements variance was due to the transfer of Hurricane Irene Storm Debris Removal costs to a separate fund. Additionally, month-to-date and year-to-date increases in FY 2013 are impacted by the implementation of 700 MHZ Radio Project for Public Works Department.
- **INDIRECT COST REIMBURSEMENT:** The year-to-date variance is due to Council's decision to recover 50% of costs spent for Sanitation services.
- **TRANSFERS:** Month-to-date transfers decreased due to the timing difference in transfer to Sheppard Memorial Library. An increase in year-to-date transfers is due to establishing the Dream Park Capital Project Fund and the first principal and interest payment towards the 2012 Bond Issuance.

GENERAL FUND EXPENSE BY DEPARTMENT SUMMARY AS OF JANUARY 31, 2013								
	2013 MTD	2012 MTD	% CHANGE	2013 YTD	2012 YTD	% CHANGE	2013 BUDGET	% REC/ SPENT
MAYOR & COUNCIL	\$ 50,848	\$ 10,770	>100%	\$ 236,258	\$ 226,975	4%	\$ 308,647	77%
CITY MANAGER	62,548	77,756	-20%	491,687	569,896	-14%	1,291,018	38%
CITY CLERK	16,151	15,855	2%	122,740	108,705	13%	271,798	45%
CITY ATTORNEY	35,184	34,103	3%	239,953	230,787	4%	446,673	54%
HUMAN RESOURCES	153,900	203,675	-24%	1,151,448	1,219,643	-6%	2,512,101	46%
INFORMATION TECH.	171,146	147,623	16%	1,323,764	1,207,473	10%	2,965,501	45%
FIRE/RESCUE	945,904	919,982	3%	6,918,836	6,923,163	0%	13,433,175	52%
FINANCIAL SVCS.	194,007	174,681	11%	1,418,041	1,413,773	0%	2,354,342	60%
CONTINGENCY	-	-	0%	-	-	0%	226,244	0%
OPEB CONTRIBUTION	-	-	0%	300,000	250,000	20%	300,000	100%
POLICE	1,489,390	1,664,770	-11%	11,515,722	11,743,503	-2%	22,860,833	50%
RECREATION & PARKS	400,783	417,359	-4%	3,799,513	3,990,936	-5%	7,412,772	51%
PUBLIC WORKS	406,792	607,873	-33%	4,210,308	4,470,579	-6%	10,320,464	41%
COMM. DEVELOPMENT	110,267	109,395	1%	882,892	885,655	0%	1,745,184	51%
SUBTOTAL	4,036,920	4,383,842	-8%	32,611,162	33,241,088	-2%	66,448,752	49%
CAPITAL IMPROV.	758,422	(644,031)	>100%	2,131,213	1,380,743	54%	5,789,492	37%
TRANSFERS	-	91,614	-100%	2,691,325	1,883,312	43%	6,616,366	41%
INDIRECT COST	-	-	0%	(507,286)	(300,677)	69%	(1,014,572)	50%
TOTAL	\$ 4,795,342	\$ 3,831,425	25%	\$ 36,926,414	\$ 36,204,466	2%	\$ 77,840,038	47%

Overall, departmental spending was within expected limits as a percentage of budgets as of January 31, 2013. Compared to prior year, total expenses have increased by two percent. Departmental variances greater than +/- 10% are noted below:

- **Mayor and City Council:** The month-to-date increase is due to the timing difference in payment of Dues and Subscriptions to the NC League of Municipalities.
- **City Manager:** The month-to-date and year-to-date decreases are due to personnel changes and the variation in payments for Subscription renewals.
- **City Clerk:** The year-to-date increase of 13% is due to the department returning back to full staffing levels after the retirement of the Deputy Clerk.
- **Human Resources:** The month-to-date decrease of 24% is due to the reduction in the Retiree Hospitalization expense and personnel changes.
- **Information Technology:** The month-to-date increase is due to filling the vacant manager positions. Additionally, the costs of maintenance contracts have increased.
- **Financial Services:** The month-to-date increase of 11% is due to the timing difference in payments to the auditors and UNC School of Government for the Benchmarking program.
- **OPEB contribution:** The year-to-date increase of 20% is a result of City Council's decision to phase in a gradual increase in OPEB contribution in the upcoming years by \$50,000 beginning this fiscal year. This increase will continue incremental to \$500,000 in FY 2017.
- **Police:** The month-to-date variance is due to the timing difference in the payments for Worker's Compensation and Property & Casualty Loss, Radio Maintenance, and activities by the Drug Task Force and Special Investigations.

- **Public Works:** Month-to-date decrease is due to the timing of payments / charges for Street lighting, Fuel, and Repair & Maintenance.
- **Capital Improvements / Transfers / Indirect Cost:** Please refer to page-3 for explanations on these categories.

TRANSIT FUND SUMMARY AS OF JANUARY 31, 2013								
	2013 MTD	2012 MTD	% CHANGE	2013 YTD	2012 YTD	% CHANGE	2013 BUDGET	% REC./ SPENT
<b>REVENUES</b>								
INTERGOV'T	\$ 254,884	\$ 183,693	39%	\$ 488,067	\$ 394,989	24%	\$ 1,619,042	30%
SALES AND SERVICES	33,283	26,912	24%	193,264	177,702	9%	277,006	70%
APPRO. FUND BAL.	-	-	0%	-	-	0%	490,498	0%
<b>TOTAL REVENUES</b>	<b>\$ 288,167</b>	<b>\$ 210,605</b>	<b>37%</b>	<b>\$ 681,331</b>	<b>\$ 572,691</b>	<b>19%</b>	<b>\$ 2,386,546</b>	<b>29%</b>
<b>EXPENSES</b>								
PERSONNEL	\$ 74,098	\$ 83,424	-11%	\$ 513,551	\$ 506,520	1%	\$ 922,309	56%
OPERATIONS	41,264	40,144	3%	251,228	280,373	-10%	828,300	30%
CAPITAL OUTLAY	33,180	14,734	>100%	271,793	172,439	58%	445,937	61%
CAPITAL IMPROV.	-	-	0%	-	-	0%	190,000	0%
<b>TOTAL EXPENSES</b>	<b>\$ 148,542</b>	<b>\$ 138,302</b>	<b>7%</b>	<b>\$ 1,036,572</b>	<b>\$ 959,332</b>	<b>8%</b>	<b>\$ 2,386,546</b>	<b>43%</b>
<b>NET</b>	<b>\$ 139,625</b>	<b>\$ 72,303</b>	<b>93%</b>	<b>\$ (355,241)</b>	<b>\$ (386,641)</b>	<b>-8%</b>		

- The month-to-date net results of the Transit Fund is higher by 93% due to the timing of grant reimbursements. The year-to-date net improvement of eight percent was caused primarily by Capital Outlay investments in the current fiscal year.
- The month-to-date increase in Sales and Services revenue was due to higher ridership and ticket sales.
- The month-to-date Personnel Expenses have dropped by 11% due to the timing of the vacation payout to a retired employee. Year-to-date Operations have decreased by 10% due to reduced expenses for Fleet Labor and Fixed Fleet Service Cost. The Fleet division is working towards an improved method of capturing these charges. Capital Outlay has increased month-to-date and year-to-date due to purchases related to Americans with Disabilities (ADA) and Vehicle Spare Parts.

SANITATION FUND SUMMARY AS OF JANUARY 31, 2013								
	2013 MTD	2012 MTD	% CHANGE	2013 YTD	2012 YTD	% CHANGE	2013 BUDGET	% REC./ SPENT
<b>REVENUES</b>								
INTERGOVT	\$ -	\$ -	0%	\$ -	\$ -	0%	\$ 10,480	0%
REFUSE FEES	534,975	441,214	21%	3,109,866	2,560,349	21%	6,865,640	45%
SALES / SERVICES	9,306	9,782	-5%	107,898	83,669	29%	155,000	70%
OTHER INCOME	54	-	100%	37,188	37,997	-2%	60,000	62%
TRANSFERS IN	-	-	0%	-	-	0%	139,163	0%
APPRO. FUND BAL.	-	-	0%	-	-	0%	104,929	0%
<b>TOTAL REVENUES</b>	<b>\$ 544,335</b>	<b>\$450,996</b>	<b>21%</b>	<b>\$3,254,952</b>	<b>\$2,682,015</b>	<b>21%</b>	<b>\$7,335,212</b>	<b>44%</b>
<b>EXPENSES</b>								
PERSONNEL	\$ 283,265	\$331,707	-15%	\$1,828,850	\$2,147,967	-15%	\$3,855,414	47%
OPERATIONS	106,139	142,588	-26%	1,115,408	1,104,826	1%	2,287,723	49%
CAPITAL OUTLAY	-	-	0%	-	-	0%	34,500	0%
CAPITAL IMPROV.	-	11,340	-100%	7,417	64,114	<100%	303,614	2%
TRANSFERS OUT	-	-	0%	374,521	167,912	123%	853,961	44%
<b>TOTAL EXPENSES</b>	<b>\$ 389,404</b>	<b>\$485,635</b>	<b>-20%</b>	<b>\$3,326,196</b>	<b>\$3,484,819</b>	<b>-5%</b>	<b>\$7,335,212</b>	<b>45%</b>
<b>NET</b>	<b>\$ 154,931</b>	<b>\$ (34,639)</b>	<b>&gt;100%</b>	<b>\$ (71,244)</b>	<b>\$ (802,804)</b>	<b>-91%</b>		

- The Sanitation Fund experiences a one-month lag in receiving revenues; however, month-to-date this fund shows an improvement of over 100% and 91% for month-to-date and year-to-date, respectively when reviewing net results. The increase in the Refuse Fees income and Sales and Services is due to the adoption of increased rates for this fiscal year. Cart and Dumpster receipts and sale of roll-out carts have increased as the citizens are converting from back yard to front yard service.
- The decline in Personnel Expense for month-to-date and year-to-date is due to vacant positions and decreased Worker's Compensation Premiums and Worker's Compensation Loss Costs. Operations expenses have dropped month-to-date due to the timing difference in payment for Contracted Services for temporary labor.
- The Capital Improvement variance is due to the implementation of a recycling project in the prior fiscal year. Transfers Out include the reimbursement to the General Fund for Indirect Costs. These costs have increased compared to last year based on Council's decision to recover 50% of costs.

STORMWATER FUND SUMMARY AS OF JANUARY 31, 2013								
	2013 MTD	2012 MTD	% CHANGE	2013 YTD	2012 YTD	% CHANGE	2013 BUDGET	% REC./ SPENT
<b>REVENUES</b>								
STORMWATER FEES	\$ 241,619	\$ 297,495	-19%	\$ 1,523,355	\$ 1,547,899	-2%	\$ 3,182,587	48%
SALES / SERVICES	1,536	-	100%	1,536	-	100%	-	0%
INVESTMENTS	-	-	0%	-	23	-100%	-	0%
APPRO. FUND BAL.	-	-	0%	-	-	0%	689,841	0%
<b>TOTAL REVENUES</b>	<b>243,155</b>	<b>297,495</b>	<b>-18%</b>	<b>\$ 1,524,891</b>	<b>\$ 1,547,922</b>	<b>-1%</b>	<b>\$ 3,872,428</b>	<b>39%</b>
<b>EXPENSES</b>								
PERSONNEL	\$ 155,444	\$ 145,984	6%	\$ 986,302	\$ 1,033,991	-5%	\$ 1,504,912	66%
OPERATIONS	46,067	39,966	15%	164,173	225,804	-27%	502,918	33%
CAPITAL IMPROV.	2,311	4,270	-46%	447,146	199,455	>100%	1,197,096	37%
TRANSFERS OUT	-	-	0%	232,967	1,044,466	<100%	667,502	35%
<b>TOTAL EXPENSES</b>	<b>\$ 203,822</b>	<b>\$ 190,220</b>	<b>7%</b>	<b>\$ 1,830,588</b>	<b>\$ 2,503,716</b>	<b>-27%</b>	<b>\$ 3,872,428</b>	<b>47%</b>
<b>NET</b>	<b>\$ 39,333</b>	<b>\$ 107,275</b>	<b>-63%</b>	<b>\$ (305,697)</b>	<b>\$ (955,794)</b>	<b>-68%</b>		

- The Stormwater Fund also experiences a one month lag in receiving revenues. However, year-to-date net results have improved by 68%. Stormwater Fees indicates a 19% drop due to the timing difference in collection of revenue on a month-to-date basis. Sales and services reflect income from recycling material which will be reclassified to other income account.
- The month-to-date Operating expenses increased 15%, while the year-to-date variance shows a 27% decrease. Month-to-date is driven by higher fuel, repair and maintenance costs. The year-to-date operating expense reduction is due to a drop in Contracted Services. The GUC service fee is now split equally between Sanitation and Stormwater resulting in this reduction.
- The Capital Improvement variance is primarily due to ongoing capital projects that vary between years. The year-to-date variance is primarily due to the Storm Drainage Maintenance Improvement Project. A major variance in Transfers was due to the transfer of funds budgeted for the Stormwater Management Capital Improvement Project to a separate fund for those projects in Fiscal Year 2012. Also, the other transfers included \$36,000 to complete the design based on the drainage study for the Eastwood and Lakewood neighborhoods and \$80,170 to fund a change order for pond repairs due to storm damage in the prior year.