


MEMORANDUM

TO: Merrill Flood, Assistant City Manager
 Michael Cowin, Assistant City Manager
FROM: Bernita W. Demery, CPA, MBA, Director of Financial Services 
DATE: March 22, 2017
SUBJECT: Major Fund Financial Month-End Report – As of February 28, 2017

This is a financial snapshot for the year-to-date net results as of February 28, 2017. The eight-month period represents approximately 67% of fiscal year 2017. The results show a comparison of the year-to-date through February 28, 2017 to the year-to-date period ending February 29, 2016 for revenues, expenses, and transfers. Significant variances from the prior period(s) will be noted. Staff has also included a year-end projection discussion.

General Fund Summary:

The following is a summary of the General Fund for February 28, 2017 on a year-to-date basis:

GENERAL FUND SUMMARY AS OF February 28, 2017						
	2017 YTD	2016 YTD	\$ CHANGE	% CHANGE	2017 BUDGET	% REC./ SPENT
REVENUES	\$ 58,651,147	\$ 55,513,178	\$ 3,137,968	6%	\$ 86,167,435	68%
EXPENSES	\$ 43,644,611	\$ 42,016,598	\$ 1,628,013	4%	\$ 72,240,341	60%
TRANSFERS	\$ 8,794,092	\$ 4,752,310	\$ 4,041,783	85%	\$ 13,927,094	63%
NET	\$ 6,212,444	\$ 8,744,271	\$ (2,531,827)	-29%	-	-

For the current year ending February 28, 2017, the net result decreased 29% compared to the month ending February 29, 2016. This decrease is due to the timing of transfers in 2017. These results are also approximately \$76,000 greater than the January year-to-date results.

cc: Department Heads

Revenues

GENERAL FUND REVENUE BY TYPE SUMMARY AS OF JANUARY 31, 2017						
	2017	2016	\$	%	2017	% REC/
	YTD	YTD	CHANGE	CHANGE	BUDGET	SPENT
PROPERTY	\$30,403,591	\$30,040,715	\$ 362,876	1%	\$32,444,935	94%
SALES	9,481,823	8,309,679	1,172,144	14%	17,831,023	53%
UTILITIES	3,549,076	3,637,139	(88,063)	-2%	7,158,899	50%
MOTOR VEHICLE	743,831	661,867	81,964	12%	1,383,674	54%
INSPECTION	874,409	402,003	472,406	>100%	916,402	95%
RESCUE	1,600,971	1,619,420	(18,450)	-1%	3,096,519	52%
RECREATION	1,026,352	1,081,881	(55,529)	-5%	1,979,690	52%
INVESTMENTS	102,161	21,912	80,249	>100%	500,000	20%
GUC TRANS. IN	3,984,190	4,770,842	(786,651)	-16%	6,459,112	62%
POWELL BILL	2,201,441	2,220,065	(18,623)	-1%	2,220,065	99%
SUBTOTAL	53,967,846	52,765,524	1,202,321	2%	73,990,319	73%
ALL OTHER REV.	4,683,301	2,747,654	1,935,647	70%	7,852,060	60%
APP. FUND BAL.	-	-	-	0%	4,325,056	0%
SUBTOTAL	4,683,301	2,747,654	1,935,647	70%	12,177,116	38%
TOTAL	\$58,651,147	\$55,513,178	\$ 3,137,968	6%	\$86,167,435	68%

Year-to-date revenues have increased 6% when compared to prior year February year-to-date. Overall, sales tax and inspections revenues continue to be strong this year, due to increased construction and permitting occurring throughout the City and Region. While these two revenue sources are expected to exceed budget for the year, total revenue is projected to be slightly below budget, excluding appropriated fund balance, due to other revenue adjustments.

Expenses

GENERAL FUND EXPENSE BY CATEGORY SUMMARY AS OF FEBRUARY 28, 2017						
	2017	2016	\$	%	2017	% REC/
EXPENSES	YTD	YTD	CHANGE	CHANGE	BUDGET	SPENT
PERSONNEL	\$32,272,267	\$30,922,159	\$ 1,350,108	4%	\$50,659,031	64%
OPERATIONS	10,263,751	9,987,418	276,333	3%	17,014,115	60%
CAPITAL OUTLAY	33,615	171,076	(137,461)	-80%	313,848	11%
CAPITAL IMPROVEMENTS	1,074,978	935,944	139,033	15%	4,253,347	25%
TOTAL	\$43,644,611	\$42,016,598	\$ 1,628,013	4%	\$72,240,341	60%

GENERAL FUND EXPENSE BY DEPARTMENT SUMMARY AS OF FEBRUARY 28, 2017						
EXPENSES	2017 YTD	2016 YTD	\$ CHANGE	% CHANGE	2017 BUDGET	% REC/ SPENT
MAYOR & COUNCIL	\$ 320,438	\$ 367,640	\$ (47,202)	-13%	\$ 379,078	85%
CITY MANAGER	1,609,245	686,479	922,766	>100%	2,831,859	57%
CITY CLERK	151,914	156,887	(4,973)	-3%	244,879	62%
CITY ATTORNEY	300,747	295,114	5,633	2%	455,059	66%
HUMAN RESOURCES	1,642,142	2,203,428	(561,286)	-25%	2,803,537	59%
INFORMATION TECH.	1,881,484	1,950,447	(68,963)	-4%	3,226,479	58%
FIRE/RESCUE	8,901,355	8,467,632	433,723	5%	14,368,438	62%
FINANCIAL SVCS.	1,658,841	1,701,722	(42,881)	-3%	2,491,809	67%
CONTINGENCY	-	-	-	0%	6,275	0%
OPEB CONTRIBUTION	500,000	450,000	50,000	11%	500,000	100%
POLICE	15,208,795	14,558,386	650,409	4%	23,697,452	64%
RECREATION & PARKS	4,917,017	4,733,589	183,429	4%	8,449,495	58%
PUBLIC WORKS	5,691,346	5,416,915	274,431	5%	11,464,851	50%
COMM. DEVELOPMENT	1,517,076	1,669,644	(152,568)	-9%	2,753,989	55%
INDIRECT COST	(655,789)	(641,285)	(14,505)	2%	(1,432,859)	46%
TOTAL	\$ 43,644,611	\$ 42,016,598	\$ 1,628,013	4%	\$ 72,240,341	60%

GENERAL FUND TRANSFERS AS OF FEBRUARY 28, 2017					
Description	2017 YTD	2016 YTD	\$ CHANGE	2017 BUDGET	% REC/ SPENT
To Facilities Imp Fund	1,590,000	1,579,180	10,820	1,590,000	100%
To Capital Reserve	460,000	-	460,000	460,000	100%
To Transit Fund	565,269	683,784	(118,515)	565,269	100%
To Debt Service	1,678,357	1,743,979	(65,622)	4,809,002	35%
To Sheppard Library	798,039	745,367	52,672	1,197,058	67%
To Home Division	-	-	-	292,684	0%
To Spec Rev Grant	258,303	-	258,303	258,303	100%
To R&P Capital Projects	1,579,364	-	1,579,364	1,682,864	94%
To PW Capital Projects	1,864,761	-	1,864,761	1,864,761	0%
To CD Capital Projects	-	-	-	1,040,000	0%
TOTAL	\$ 8,794,092	\$ 4,752,310	\$ 4,041,783	\$ 13,759,941	64%

Expenses have increased 4%, year-to-date, which is consistent with growth for the year. The largest increase is in the area of Personnel Expense, impacted by increasing personnel costs associated with Hurricane Matthew staffing and increased overtime expenses related to the implementation of the Emergency Call Back Policy. Overall, expenses are still expected to be under budget for FY 2017. The original budget was estimated to be an 11% increase over 2016 results.

General Fund Projection:

The following is a summary of revenue and expenditure projections for the General Fund based on results through February 28, 2017:

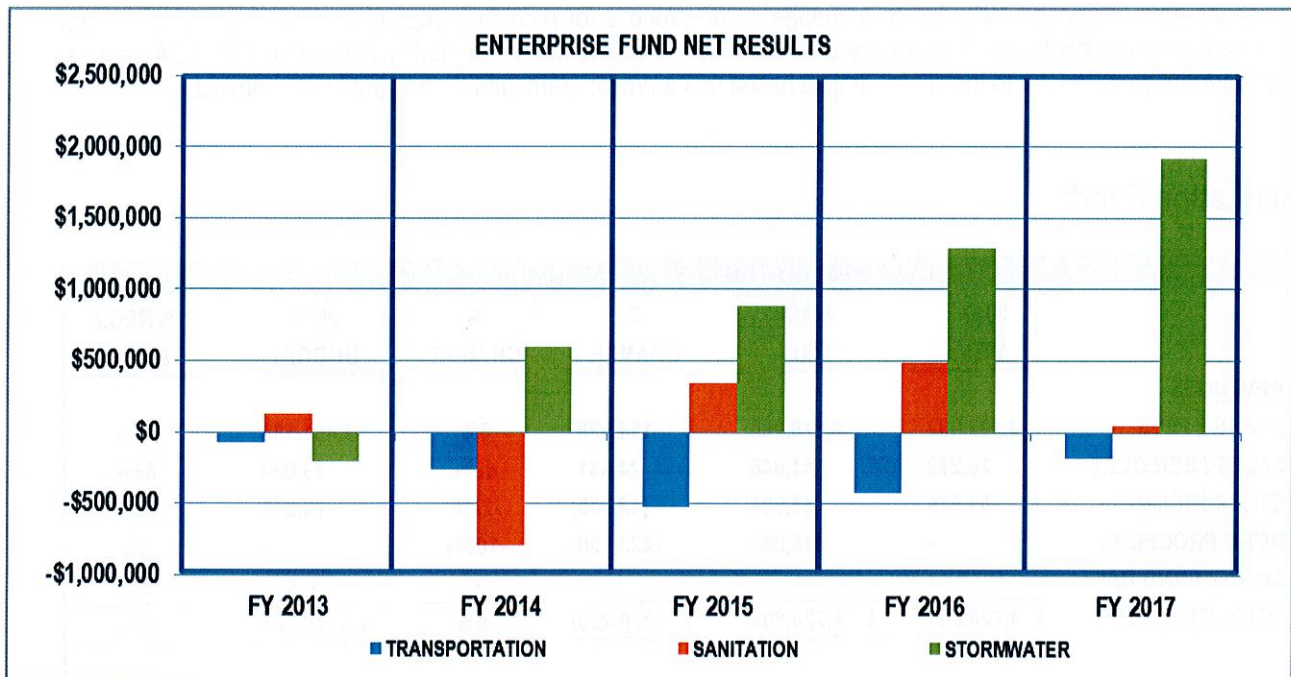
FISCAL YEAR 2017 GENERAL FUND PROJECTION				
	2017 BUDGET	2017 YTD	2017 PROJECTION	VARIANCE BUDGET vs. PROJ.
REVENUES				
PROPERTY SALES	\$ 32,444,935	\$ 30,403,591	\$ 32,268,416	\$ (176,520)
UTILITIES	17,831,023	9,481,823	18,356,333	525,310
MOTOR VEHICLE INSPECTION	7,158,899	3,549,076	6,953,609	(205,290)
RESCUE	1,383,674	743,831	1,383,674	-
RECREATION	916,402	874,409	1,248,301	331,899
INVESTMENTS	3,096,519	1,600,971	3,096,519	-
GUC TRANS. IN	1,979,690	1,026,352	1,779,690	(200,000)
POWELL BILL	500,000	102,161	450,000	(50,000)
ALL OTHER REV.	6,459,112	3,984,190	6,675,407	216,295
TOTAL REVENUES	2,220,065	2,201,441	2,201,441	(18,624)
	7,852,060	4,683,301	6,662,148	(1,189,912)
	\$ 81,842,379	\$ 58,651,147	\$ 81,075,538	\$ (766,841)
EXPENSES				
PERSONNEL	\$ 50,659,031	\$ 32,272,267	\$ 50,380,199	(278,832)
OPERATING	18,260,822	10,453,155	18,555,065	294,243
CAPITAL IMPROVEMENTS	4,253,347	1,074,978	2,126,674	(2,126,673)
INDIRECT COST REIMB.	(1,432,859)	(655,789)	(1,432,859)	-
TRANSFERS	13,927,094	8,794,092	13,927,094	-
OTHER EXPENSES	500,000	500,000	500,000	-
TOTAL EXPENSES	\$ 86,167,435	\$ 52,438,703	\$ 84,056,173	\$ (2,111,262)
REVENUES LESS EXPENSES	\$ (4,325,056)	\$ 6,212,444	\$ (2,980,635)	1,344,421
FUND BALANCE APPROPRIATED	4,325,056	-	-	-
NET	\$ -	\$ 6,212,444	\$ (2,980,635)	\$ 1,344,421

Revenues provided above do not include the \$4.3 million of budgeted fund balance in the projections. While the City has budgeted \$4.3 million of fund balance to be used, the final amount used will be determined by the results of all operational and capital activity for the remainder of the fiscal year. Please note the items below:

- Based on the results as of February 28, 2017, it is estimated that there will be a need for approximately \$2,980,635 in fund balance as of June 30, 2017.
- There were expenses incurred in FY 2017 for Safe Walks to Schools, a project funded by a reimbursable grant, which will not receive the reimbursement of \$503,000 until FY 2018.
- That estimate includes spending 50% of the budgeted capital and 100% of budgeted transfers.

Fund Balance is used if expenses exceed revenues in any given year (i.e. ending the year with a deficit). Therefore, Appropriated Fund Balance is only used for budgeting purposes.

Enterprise Funds



Transit Fund:

TRANSIT FUND SUMMARY AS OF FEBRUARY 28, 2017						
	2017 YTD	2016 YTD	\$ CHANGE	% CHANGE	2017 BUDGET	% REC./ SPENT
REVENUES						
INTERGOV'T	\$ 642,654	\$ -	\$ 642,654	100%	\$ 1,584,729	41%
SALES AND SERVICES	164,564	193,398	(28,834)	-15%	380,014	43%
TRANSFERS IN	565,269	683,784	(118,515)	-17%	565,269	100%
APPRO. FUND BAL.	-	-	-	-	131,720	0%
TOTAL REVENUES	\$ 1,372,487	\$ 877,182	\$ 495,305	56%	\$2,661,732	52%
EXPENSES						
PERSONNEL	\$ 726,623	\$ 705,301	\$ 21,322	3%	\$ 1,099,591	66%
OPERATIONS	528,248	437,510	90,738	21%	1,041,029	51%
CAPITAL OUTLAY	195,416	158,761	36,654	23%	417,112	47%
TRANSFERS	104,000	-	104,000	100%	104,000	0%
TOTAL EXPENSES	\$ 1,554,287	\$1,301,573	\$ 252,714	19%	\$2,661,732	58%
NET	\$ (181,799)	\$ (424,391)	\$ 242,591	57%		

The year-to-date net in the Transit Fund for FY 2017 experienced improved net results of 57% as compared to the prior year. It is very typical for the Transit Fund to have a negative net result during the first half of the year, as the majority of the fund revenues are FTA and NCDOT grant reimbursement based. The revenues have increased 56%, year to date, due to the timing of the grant reimbursement received in 2017. Additionally, there was also a 17% decrease in the transfers to the Transit Fund for FY 2017, as a result of the estimated expenses for the current fiscal year.

Expenses have increased 19% due to a change in the process for recording depreciation expense, which is now recorded on a monthly basis. There were also increases in capital due to the timing of payments for ADA services and a current year transfer to the GTAC project based on carryover grant funding assigned to the project.

Sanitation Fund:

SANITATION FUND SUMMARY AS OF FEBRUARY 28, 2017						
	2017	2016	\$	%	2017	% REC./
	YTD	YTD	CHANGE	CHANGE	BUDGET	SPENT
REVENUES						
REFUSE FEES	4,292,902	4,178,266	114,636	3%	7,481,586	57%
SALES / SERVICES	76,279	51,648	24,631	48%	93,020	82%
OTHER INCOME	51,419	65,984	(14,565)	-22%	73,345	70%
BOND PROCEEDS	-	425,000	(425,000)	-100%	-	0%
APPRO. FUND BAL.	-	-	-	-	86,473	0%
TOTAL REVENUES	\$ 4,420,600	\$ 4,720,899	\$ (300,299)	-6%	\$ 7,734,424	57%
EXPENSES						
PERSONNEL	\$ 1,943,236	\$ 1,863,005	\$ 80,231	4%	\$ 3,068,112	63%
OPERATIONS	2,164,421	1,895,317	269,104	14%	4,011,492	54%
CAPITAL OUTLAY	30,210	479,164	(448,954)	-94%	234,093	13%
TRANSFERS OUT	237,816	-	237,816	100%	420,727	57%
TOTAL EXPENSES	\$ 4,375,683	\$ 4,237,486	\$ 138,197	3%	\$ 7,734,424	57%
NET	\$ 44,917	\$ 483,413	\$ (438,496)	-91%		

Like all other aspects of the City's operations, the Sanitation Fund has been impacted by Hurricane Matthew. Personnel expenses are up, due to the additional hours worked to catch up after the storm. In addition, the Sanitation Fund's FY 2017 financial operations are being influenced by an initial repayment to the Vehicle Replacement Fund. Approximately \$237,816 of the Fund's year-to-date negative variance can be attributed to repayment of this transfer to the Vehicle Replacement Fund (i.e. Transfer Out).

Sanitation revenue decreases are largely due to the recording of the bond proceeds in the prior year for the Roll-Out Cart program. In addition, sales and services have increased due to an increase in cart and dumpster receipts, and other revenues have decreased due to the timing of the receipt of the solid waste tax revenue in 2017. Expenses have increased, year-to-date, due to the timing of various fleet charges being recorded in FY 2017, as well as the timing of expenses related to the Multi-Family Recycling Center.

Stormwater Fund:

STORMWATER FUND SUMMARY AS OF FEBRUARY 28, 2017						
	2017 YTD	2016 YTD	\$ CHANGE	% CHANGE	2017 BUDGET	% REC./ SPENT
REVENUES						
STORMWATER FEES	\$ 3,180,240	2,784,753	\$ 395,487	14%	5,374,886	59%
OTHER INCOME	345	-	345	100%	-	-
APPRO. FUND BAL.	-	-	-	-	1,272,792	0%
TOTAL REVENUES	\$ 3,180,585	\$ 2,784,753	\$ 395,832	14%	\$ 6,647,678	48%
EXPENSES						
PERSONNEL	\$ 755,769	\$ 824,822	\$ (69,054)	-8%	\$ 1,427,041	53%
OPERATIONS	244,216	329,308	(85,092)	-26%	1,261,848	19%
CAPITAL OUTLAY	-	57,097	(57,097)	-100%	542,985	0%
CAPITAL IMPROV.	58,060	81,136	(23,076)	-28%	1,709,748	3%
TRANSFERS OUT	203,028	203,028	-	0%	1,706,056	12%
TOTAL EXPENSES	\$ 1,261,072	\$ 1,495,392	\$ (234,319)	-16%	\$ 6,647,678	19%
NET	\$ 1,919,513	\$ 1,289,362	\$ 630,151	49%		

The Stormwater fund has experienced an improvement in net results based on the seven-year plan. The operation has implemented an annual fee increase in an effort to allow the fund to cover future expenses. The current year's increase in revenue is a result of the timing of stormwater fee receipts from GUC.

Stormwater expenses vary significantly according to the amount of Stormwater maintenance activity and timing of capital projects. Operating expenses fluctuate based on timing differences of when items are paid. The year-to-date decrease of 26% in operations is due to the timing of payment for the 2006 Public Improvement Bond, which occurred in the prior year. The decreases in Capital Improvement and Capital Outlay are due to the timing of capital expenses less than \$35,000 in FY 2017. Most capital expenses pertaining to Stormwater are tracked within separate capital project funds.