


MEMORANDUM

TO: Barbara Lipscomb, City Manager
 Michael Cowin, Assistant City Manager
FROM: Bernita W. Demery, CPA, MBA, Director of Financial Services 
DATE: May 15, 2017
SUBJECT: Major Fund Financial Month-End Report – As of April 30, 2017

This is a financial snapshot for the year to date net results as of April 30, 2017. The ten-month period represents approximately 83% of fiscal year 2017. The results show a comparison of the year-to-date through April 30, 2017 to the year-to-date period ending April 30, 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 April 30, 2017 on a year to date basis:

GENERAL FUND SUMMARY AS OF APRIL 30, 2017						
	2017 YTD	2016 YTD	\$ CHANGE	% CHANGE	2017 BUDGET	% REC./ SPENT
REVENUES	\$ 67,639,609	\$ 64,636,442	\$ 3,003,167	5%	\$ 86,189,618	78%
EXPENSES	\$ 53,105,038	\$ 52,620,116	\$ 484,921	1%	\$ 72,083,619	74%
TRANSFERS	\$ 8,993,602	\$ 7,957,720	\$ 1,035,882	13%	\$ 14,105,999	64%
NET	\$ 5,540,969	\$ 4,058,606	\$ 1,482,364	37%	-	-

For the current year ending April 30, 2017, the net result increased 36% compared to the month ending April 30, 2016. This increase is due to the timing of transfers in 2017.

cc: Department Heads

Revenues

Year to date revenues have increased 5% when compared to prior year April year to date. A brief explanation of revenues, along with revenue variances +/- 10%, is listed below.

GENERAL FUND REVENUE BY TYPE SUMMARY AS OF APRIL 30, 2017						
	2017 YTD	2016 YTD	\$ CHANGE	% CHANGE	2017 BUDGET	% REC/ SPENT
PROPERTY	\$31,313,783	\$30,688,384	\$ 625,398	2%	\$32,444,935	97%
SALES	12,440,375	11,473,032	967,343	8%	17,831,023	70%
UTILITIES	5,137,022	5,185,422	(48,401)	-1%	7,158,899	72%
MOTOR VEHICLE	1,051,919	771,123	280,796	36%	1,383,674	76%
INSPECTION	1,060,261	536,649	523,612	98%	916,402	116%
RESCUE	1,901,603	2,106,374	(204,770)	-10%	3,096,519	61%
RECREATION	1,458,264	1,500,117	(41,853)	-3%	1,979,690	74%
INVESTMENTS	230,444	133,487	96,957	73%	500,000	46%
GUC TRANS. IN	4,996,482	6,029,986	(1,033,504)	-17%	6,498,420	77%
POWELL BILL	2,201,441	2,220,065	(18,623)	-1%	2,220,065	99%
SUBTOTAL	61,791,594	60,644,639	1,146,955	2%	74,029,627	83%
ALL OTHER REV.	5,848,015	3,991,803	1,856,212	47%	7,827,816	75%
APP. FUND BAL.	-	-	-	0%	4,332,175	0%
SUBTOTAL	5,848,015	3,991,803	1,856,212	47%	12,159,991	48%
TOTAL	\$67,639,609	\$64,636,442	\$ 3,003,167	5%	\$86,189,618	78%

- PROPERTY TAX:** This revenue source accounts for approximately 38% of the overall budget. The 2% increase over the last year is consistent with budget expectations given the growth based on property revaluation. This category is expected to be slightly under budget for fiscal year 2017.
- SALES TAX:** Sales Tax revenues make up 21% of the overall budget. There was an increase of \$967,343 (8%) compared to April 30, 2016 due to increased spending related to construction in the city. This category is projected to exceed the budget amount for fiscal year 2017.
- MOTOR VEHICLE:** Motor vehicle fees have increased by 36% due to the increase from \$20 registration fee to \$30. This category is expected to slightly exceed budget for the fiscal year.
- INSPECTIONS:** The year to date increase of 98% can be attributed to an increase in permits issued in FY 2017 for the new Mayne Pharmaceutical Plant and other major construction projects within the City. This category is expected to slightly exceed budget for the fiscal year.
- RESCUE:** The year to date decrease of 10% can be attributed to vacancies within the Collections Department as well as increased processing time due to training incoming and temporary staff. Rescue fee revenue is expected to be under budget for the current fiscal year.
- INVESTMENT EARNINGS:** Year to date, this category increased by 73%, due to the variance in the market each month. Based on this market variance, fluctuations from month-to-month will vary. Projections for this source are expected to come in just under budget.

- **GUC TRANSFER IN:** The decrease of 17% is due to the change in the allocation received from GUC. This allocation is equal to six percent of the difference between the electric and natural gas system's net fixed assets and total bonded indebtedness plus 50% of GUC's total cost of service for the City's public lighting. Projections show that the City will exceed budget based on discussions with GUC to normalize the periodic average of the transfer.
- **ALL OTHER REVENUE:** The increase of 47% is due to federal forfeiture, Economic Development Grant money and the one-time sale of the Police / Fire parking lot. This category is expected to be under budget for FY 2017.

Expenses

GENERAL FUND EXPENSE BY CATEGORY SUMMARY AS OF APRIL 30, 2017						
EXPENSES	2017 YTD	2016 YTD	\$ CHANGE	% CHANGE	2017 BUDGET	% REC/ SPENT
PERSONNEL	\$ 39,545,863	\$ 38,658,091	\$ 887,772	2%	\$ 50,659,031	78%
OPERATIONS	11,763,842	12,561,479	(797,637)	-6%	17,018,679	69%
CAPITAL OUTLAY	116,539	178,521	(61,983)	-35%	313,848	37%
CAPITAL IMPROVEMENTS	1,678,795	1,222,025	456,769	37%	4,092,061	41%
TOTAL	\$ 53,105,038	\$ 52,620,116	\$ 484,921	1%	\$ 72,083,619	74%

Expenses have increased 1%, year to date. The largest increase is coming in the area of Personnel Expense. The other categories (Operations, Capital Outlay, and Capital Improvements) fluctuate year-to-year due to the timing of payment for various items. A brief explanation is provided below:

- **PERSONNEL EXPENSE:** The City was affected by Hurricane Matthew in October and November, which had the effect of increasing personnel costs associated with storm cleanup and public safety efforts. Staff is working to obtain FEMA reimbursement for those expenses as quickly as possible. Overtime expenses have also significantly increased as a result of the Police Department fully implementing the change to the Emergency Call Back policy that was approved by Council in September of 2015. The market adjustment to all City personnel was 2% for FY 2017. Note also that the Personnel Expense budget for FY 2017 includes a 1% increase in the vacancy rate adjustment, to approximately 4% to account for projected vacancies throughout the fiscal year.
- **CAPITAL OUTLAY:** Capital Outlay expenses have decreased by 35%, year to date, due to Controlled Substance spending by the Police Department for the purchase of new tasers that occurred in the prior fiscal year.
- **CAPITAL IMPROVEMENTS:** Capital Improvements for the City have increased by 37% due to the number of projects the City has completed to date, such as sidewalk construction costs and Economic Development grant expenses.

GENERAL FUND EXPENSE BY DEPARTMENT SUMMARY AS OF APRIL 30, 2017						
EXPENSES	2017 YTD	2016 YTD	\$ CHANGE	% CHANGE	2017 BUDGET	% REC/ SPENT
MAYOR & COUNCIL	\$ 368,992	\$ 409,763	\$ (40,771)	-10%	\$ 379,078	97%
CITY MANAGER	2,133,883	864,989	1,268,894	>100%	2,889,179	74%
CITY CLERK	191,207	193,237	(2,030)	-1%	244,879	78%
CITY ATTORNEY	372,921	364,876	8,045	2%	455,059	82%
HUMAN RESOURCES	1,708,436	2,636,525	(928,088)	-35%	2,808,701	61%
INFORMATION TECH.	2,248,632	2,350,861	(102,229)	-4%	3,226,479	70%
FIRE/RESCUE	11,014,706	10,755,710	258,996	2%	14,368,438	77%
FINANCIAL SVCS.	1,950,971	2,062,497	(111,526)	-5%	2,491,809	78%
CONTINGENCY	-	-	-	0%	6,275	0%
OPEB CONTRIBUTION	500,000	450,000	50,000	11%	500,000	100%
POLICE	18,616,572	18,703,701	(87,129)	<1%	23,707,352	79%
RECREATION & PARKS	6,217,840	5,962,749	255,092	4%	8,300,495	75%
PUBLIC WORKS	6,898,958	6,755,969	142,988	2%	11,452,565	60%
COMM. DEVELOPMENT	1,865,603	2,071,166	(205,563)	-10%	2,686,169	69%
INDIRECT COST	(983,684)	(961,927)	(21,757)	2%	(1,432,859)	69%
TOTAL	\$ 53,105,038	\$ 52,620,116	\$ 484,921	1%	\$ 72,083,619	74%

Overall, departmental spending fell within the expected limit as a percentage of budgets. Total department expenses have increased by 1%, year to date. Departmental variances greater than +/- 10% noted below:

- **MAYOR AND CITY COUNCIL:** The year to date decrease of 10% is due to it being an off year for election costs.
- **CITY MANAGER:** The year to date increase of more than 100% is in part due to the addition of Economic Development division to the City Manager's Office for FY 2017. For FY 2016, the Economic Development division was located in the Community Development department. The increase can also be attributed to the fact that there were vacancies within the Public Information Office.
- **HUMAN RESOURCES:** The 35% decrease, year to date, is due to a change in the timing of workers' compensation premium and loss payments, as well as the timing for those payments in FY 2016.
- **OPEB CONTRIBUTION:** The year to date increase of 11% is due to the OPEB payment in FY 2017 compared to FY 2016, increasing from \$450,000 to \$500,000.
- **COMMUNITY DEVELOPMENT:** The year to date decrease of 10% is attributed to the movement of the Economic Development division and internal vacancies.

Transfers

GENERAL FUND TRANSFERS AS OF APRIL 30, 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	1,447,301	(987,301)	467,119	98%
To Transit Fund	565,269	683,784	(118,515)	565,269	100%
To Debt Service	1,678,357	2,042,254	(363,898)	4,809,002	35%
To Sheppard Library	997,548	939,065	58,483	1,197,058	83%
To Home Division	-	-	-	292,684	0%
To Spec Rev Grant	258,303	9,000	249,303	268,803	96%
To R&P Capital Projects	1,579,364	10,000	1,569,364	1,999,017	79%
To PW Capital Projects	1,864,761	1,247,136	617,625	1,877,047	0%
To CD Capital Projects	-	-	-	1,040,000	0%
TOTAL	\$ 8,993,602	\$ 7,957,720	\$ 1,035,882	\$ 14,105,999	64%

The year to date increase in transfers is due to an effort to create a higher level of timeliness in the transfer of funds from the General Fund. Year to date, 64% of all General Fund transfers have been completed with all budgeted transfers expected to be completed during the fiscal year.

The following is a summary of a few of the transfers with significant variances as compared to the prior year:

Capital Reserve: Transfer of \$460,000 budgeted for the Sidewalk Development / City employee parking project. This transfer will increase the amount in the Capital Reserve Fund for the project to approximately \$1.9 million.

R&P Capital Projects: Transfer of \$1,579,364 budgeted to fund the following capital projects:

Town Common Renovation	\$	985,932
South Greenville		267,500
Tar River Legacy Plan		325,932
Total	\$	1,579,364

Street Improvements: Transfer of \$1.7 million represents budget transfer to the Street Improvements Fund for street resurfacing projects.

General Fund Projection:

The following is a summary of revenue and expenditure projections for the General Fund based on results through April 30, 2017:

FISCAL YEAR 2017 GENERAL FUND PROJECTION				
	2017 BUDGET	2017 YTD	2017 PROJECTION	VARIANCE BUDGET vs. PROJ.
REVENUES				
PROPERTY SALES	\$ 32,444,935	\$ 31,313,783	\$ 32,243,311	\$ (201,624)
UTILITIES	17,831,023	12,440,375	18,712,464	881,441
MOTOR VEHICLE INSPECTION	7,158,899	5,137,022	6,953,609	(205,290)
RESCUE	1,383,674	1,051,919	1,439,466	55,792
RECREATION	916,402	1,060,261	1,248,480	332,078
INVESTMENTS	3,096,519	1,901,603	2,738,207	(358,312)
GUC TRANS. IN	1,979,690	1,462,000	1,867,184	(112,506)
POWELL BILL	500,000	230,444	441,506	(58,494)
ALL OTHER REV.	6,459,112	4,955,696	6,459,112	-
TOTAL REVENUES	2,220,065	2,201,441	2,201,441	(18,624)
	7,867,124	5,885,065	7,165,717	(701,407)
	\$ 81,857,443	\$ 67,639,609	\$ 81,470,497	\$ (386,946)
EXPENSES				
PERSONNEL	\$ 50,659,031	\$ 39,545,863	\$ 49,285,545	(1,373,486)
OPERATING	18,265,386	12,364,064	16,570,437	(1,694,949)
CAPITAL IMPROVEMENTS	4,092,061	1,678,795	2,126,674	(1,965,387)
INDIRECT COST REIMB.	(1,432,859)	(983,684)	(1,432,859)	-
TRANSFERS	14,105,999	8,993,602	14,105,999	-
OTHER EXPENSES	500,000	500,000	500,000	-
TOTAL EXPENSES	\$ 86,189,618	\$ 62,098,640	\$ 81,155,796	\$ (5,033,822)
REVENUES LESS EXPENSES	\$ (4,332,175)	\$ 5,540,969	\$ 314,701	4,646,875
FUND BALANCE APPROPRIATED	4,332,175	-	-	-
NET	\$ -	\$ 5,540,969	\$ 314,701	\$ 4,646,875

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 April 30, 2017, it is estimated that there will be no need for the use of 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.

Transit Fund:

TRANSIT FUND SUMMARY AS OF APRIL 30, 2017						
	2017	2016	\$	%	2017	% REC./
	YTD	YTD	CHANGE	CHANGE	BUDGET	SPENT
REVENUES						
INTERGOV'T	\$ 719,168	\$ 1,617,432	\$ (898,265)	-56%	\$ 1,584,729	45%
SALES AND SERVICES	206,261	234,176	(27,915)	-12%	380,014	54%
TRANSFERS IN	565,269	683,784	(118,515)	-17%	565,269	100%
APPRO. FUND BAL.	-	-	-	-	131,720	0%
TOTAL REVENUES	\$ 1,490,698	\$ 2,535,392	\$ (1,044,694)	-41%	\$ 2,661,732	56%
EXPENSES						
PERSONNEL	\$ 897,930	\$ 878,286	\$ 19,645	2%	\$ 1,099,591	82%
OPERATIONS	683,785	572,908	110,877	19%	1,041,029	66%
CAPITAL OUTLAY	239,986	666,764	(426,778)	-64%	417,112	58%
TRANSFERS	104,000	-	104,000	100%	104,000	0%
TOTAL EXPENSES	\$ 1,925,702	\$ 2,117,958	\$ (192,256)	-9%	\$ 2,661,732	72%
NET	\$ (435,004)	\$ 417,434	\$ (852,438)	>(100%)		

The year to date net result in the Transit Fund decreased greater than 100%, 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.

Revenues: Transit revenues have decreased by 41%, year to date. Grant revenues are down, specifically due to capital reimbursements for GTAC being incorrectly posted within the Transit Fund instead of the GTAC Capital Project, which was corrected in a later period. Bus fares and ticket sales are down due to a decrease in ridership experienced in the current fiscal year. There was also a change in the allocation of the General Fund transfer for the current year, resulting in lower revenue.

Expenses: Total expenses have decreased by 9%, year to date. Capital expenses decreased due to increased expenses in 2016 as a result of the GTAC property purchase. The increased operating expenses in the fund for FY 2017 were due to the reclassification of transit capital assets affecting the depreciation recorded during the period. The increase in transfers was a result of a budgeted transfer to the Intermodal Project, in accordance with the current year FTA Grant Operating Plan.

Sanitation Fund:

SANITATION FUND SUMMARY AS OF APRIL 30, 2017						
	2017	2016	\$	%	2017	% REC./
	YTD	YTD	CHANGE	CHANGE	BUDGET	SPENT
REVENUES						
REFUSE FEES	5,578,853	5,502,275	76,578	1%	7,481,586	75%
SALES / SERVICES	85,094	72,207	12,887	18%	93,020	91%
OTHER INCOME	67,085	69,069	(1,985)	-3%	73,345	91%
BOND PROCEEDS	-	425,000	(425,000)	-100%	-	0%
APPRO. FUND BAL.	-	-	-	-	86,473	0%
TOTAL REVENUES	\$ 5,731,032	\$ 6,068,551	\$ (337,520)	-6%	\$ 7,734,424	74%
EXPENSES						
PERSONNEL	\$ 2,376,237	\$ 2,314,116	\$ 62,122	3%	\$ 3,068,112	77%
OPERATIONS	2,820,575	2,602,308	218,268	8%	4,011,492	70%
CAPITAL OUTLAY	30,210	479,164	(448,954)	-94%	234,093	13%
TRANSFERS OUT	237,816	-	237,816	100%	420,727	57%
TOTAL EXPENSES	\$ 5,464,838	\$ 5,395,587	\$ 69,251	1%	\$ 7,734,424	71%
NET	\$ 266,194	\$ 672,964	\$ (406,771)	-60%		

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.

Revenues: 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.

Expenses: 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). Expenses have increased, year to date, due to additional fleet fixed costs associated with additional side loaders, as well as the timing of expenses related to the Multi-Family Recycling Center.

Stormwater Fund:

STORMWATER FUND SUMMARY AS OF APRIL 30, 2017						
	2017 YTD	2016 YTD	\$ CHANGE	% CHANGE	2017 BUDGET	% REC./ SPENT
REVENUES						
STORMWATER FEES	\$ 4,108,944	3,698,771	\$ 410,173	11%	5,374,886	76%
OTHER INCOME	462	782	(320)	-41%	-	-
APPRO. FUND BAL.	-	-	-	-	1,272,792	0%
TOTAL REVENUES	\$ 4,109,406	\$ 3,699,553	\$ 409,853	11%	\$ 6,647,678	62%
EXPENSES						
PERSONNEL	\$ 937,917	\$ 1,006,165	\$ (68,247)	-7%	\$ 1,427,041	66%
OPERATIONS	299,456	399,025	(99,569)	-25%	1,261,848	24%
CAPITAL OUTLAY	-	57,097	(57,097)	-100%	542,985	0%
CAPITAL IMPROV.	58,060	109,814	(51,754)	-47%	1,709,748	3%
TRANSFERS OUT	304,542	304,542	-	0%	1,706,056	18%
TOTAL EXPENSES	\$ 1,599,975	\$ 1,876,643	\$ (276,668)	-15%	\$ 6,647,678	24%
NET	\$ 2,509,430	\$ 1,822,909	\$ 686,521	38%		

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.

Revenues: The current year's increase in revenue is a result of the timing of stormwater fee receipts from GUC.

Expenses: Stormwater expenses vary significantly according to the amount of Stormwater maintenance activity and the timing of capital projects. Operating expenses fluctuate based on timing differences of when items are paid. The year to date decrease of 25% 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.