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MEMORANDUM

TO: Ann E. Wall, City Manager
Michael Cowin, Assistant City Manager

FROM: Byron Hayes, Director of Financial Services *BH*

DATE: April 20, 2018

SUBJECT: Quarterly Financial Update

Enclosed is the financial information for the third quarter ending March 31, 2018. The report includes the Fiscal Year 2018 (FY 2018) third quarter financial update for the General Fund and the following Enterprise Funds: Transit, Sanitation, and Stormwater.

GENERAL FUND:

The following is a summary of the General Fund revenues and expenses for the nine months ending March 31, 2018 as compared to nine months ending March 31, 2017:

	Budget FY 2018	Actual Q3 Through 3/31/2018	Actual Q3 Through 3/31/2017
Revenues	\$ 93,599,046	\$ 64,726,495	\$ 63,923,232
Expenses	93,599,046	67,409,611	57,775,660
Revenues Less Expenses	\$ -	\$ (2,683,116)	\$ 6,147,573

General Fund expenses exceeded revenues by approximately \$2,683,116 through the third quarter ending March 31, 2018 as compared to revenues exceeding expenses by \$6,147,573 through the March 31, 2017. The following is a commentary on the primary factors impacting General Fund revenues and expenses through the third quarter of FY 2018:

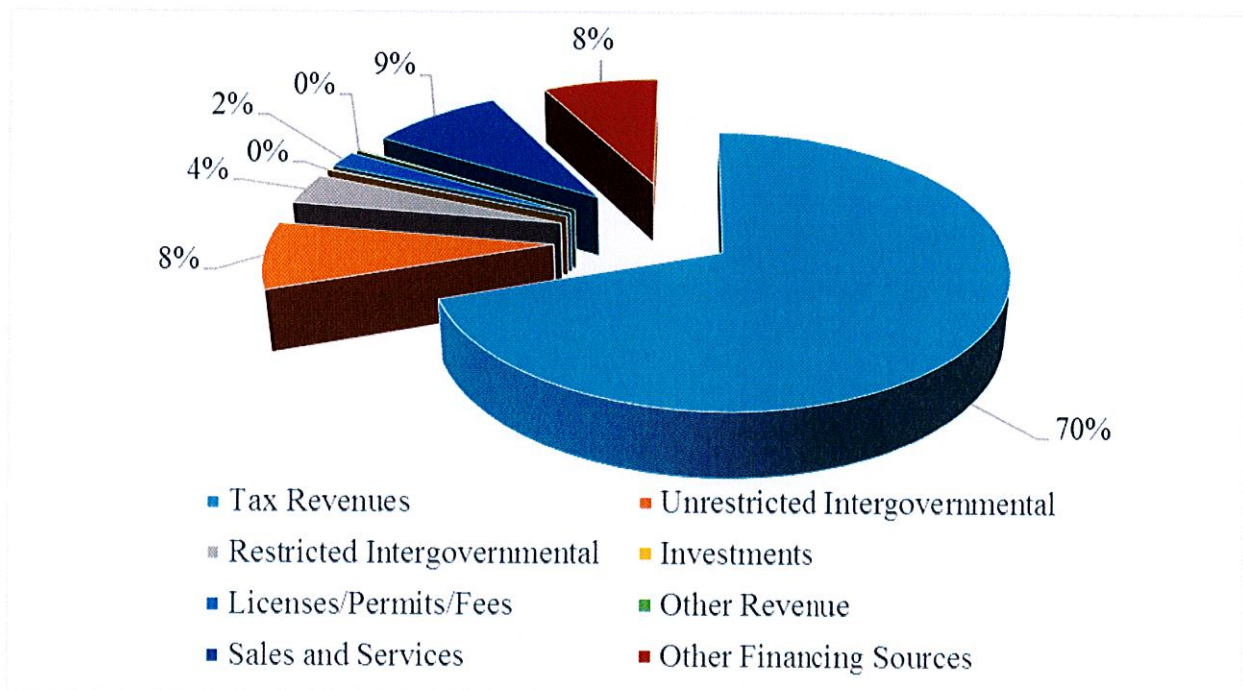
General Fund Revenues:

General Fund revenues for the nine months ending March 31, 2018 stand at \$64,726,494, which accounts for approximately 69% of the fiscal year budget of \$93,599,046. For the nine-month period, actual revenues are approximately \$803,262 higher than the prior year nine-month period ending March 31, 2017.

The following is a summary of the General Fund revenues for the period ending March 31, 2018:

Description	Budget FY 2018	YTD Actual FY2018	Remaining Budget	YTD Actual FY2017	Variance	% Variance
Tax Revenue	\$ 53,076,457	\$ 44,305,476	\$ 8,770,981	\$ 42,857,709	\$ 1,447,768	3.4%
Miscellaneous Tax	1,071,145	743,576	327,569	781,345	(37,770)	-4.8%
Unrestricted Intergov	7,590,418	5,102,241	2,488,177	5,137,801	(35,560)	-0.7%
Restricted Intergov Streets	2,377,065	2,202,481	174,584	2,257,441	(54,960)	-2.4%
Restricted Intergov	426,286	196,792	229,494	701,613	(504,822)	-72.0%
Investment Earnings	500,000	91,674	408,326	151,739	(60,064)	-39.6%
Licenses/Permits/Fees	2,005,838	1,269,377	736,461	664,135	605,242	91.1%
Other Revenue	482,764	113,955	368,809	284,788	(170,833)	-60.0%
Sales and Services	8,004,034	5,681,800	2,322,234	6,581,375	(899,575)	-13.7%
Other Financing Sources	18,065,039	5,007,619	13,057,420	4,463,568	544,051	12.2%
Miscellaneous	-	11,505	(11,505)	41,720	(30,215)	-72.4%
Total Revenues	\$ 93,599,046	\$ 64,726,495	\$ 28,872,551	\$ 63,923,232	\$ 803,263	1.3%

The following graph depicts the composition of actual year-to-date revenues for fiscal year 2018 through third quarter by revenue type:



The following are the General Fund revenue highlights for the nine months ending March 31, 2018:

- Tax Revenues:** Tax revenues include property, motor vehicle, and sales tax. Through nine months, current year tax revenues are tracking 3.4% higher than the previous year coming in at \$44.3 million as compared to \$42.9 million for the prior year period. This represents an approximate \$1.5 million positive variance for the nine-month period ending March 31, 2018, as compared to the nine-month period ending March 31, 2017.

- **Restricted Intergovernmental:** Restricted Intergovernmental revenues include various grant monies from state, federal, and local agencies restricted to Public Works and Economic Development functions. Through nine months, actual revenues stand at approximately \$196,792 as compared to \$701,613 for the prior year. This variance is primarily due to the receipt of one-time grant revenue from the NC Connect Bond, a contribution to the Town Common playground project from Greenville Utilities, and decreased Federal Forfeiture revenue in FY 2018.
- **Licenses/Permits/Fees:** The 91% increase in Licenses, Permits, and Fees through the third quarter in FY 2018 is due to the implementation of the Red Light Camera program implemented in January of 2018. Although this program has resulted in nearly \$500,000 in recorded revenue, there is a neutral impact to the City, as it sends all revenue to Pitt County Schools, as defined in the interlocal agreement.
- **Other Revenue:** Other revenues stand at approximately \$113,955 for the nine-month period ending March 31, 2018 as compared to \$284,788 for the nine-month period ending March 31, 2017. This variance is primarily due to the timing of the recording of inventory sales related to the implementation of the City's new work order system.
- **Sales and Services:** Sales & Services revenue stands at \$5,681,800 for the nine-month period ending March 31, 2018 as compared to \$6,581,375 for the nine-month period ending March 31, 2017, which is a decrease of \$899,575. The decrease in Sales & Services revenue is primarily due to an increase in Emergency Medical Services (EMS) rescue fee billings, offset by the increased revenue in FY 2017 from the sale of the Public Safety Parking Lot.
- **Other Financing Sources:** Other Financing Sources revenue increased \$544,051, from \$4,463,568 to \$5,007,619, comparing the third quarter ending March 31, 2018 to the third quarter ending March 31, 2017. The increased revenue is primarily due to an increase in the GUC Transfer to the City, as well as a transfer from the Stormwater Utility Fund to fund Utility Street Cuts in the current fiscal year.

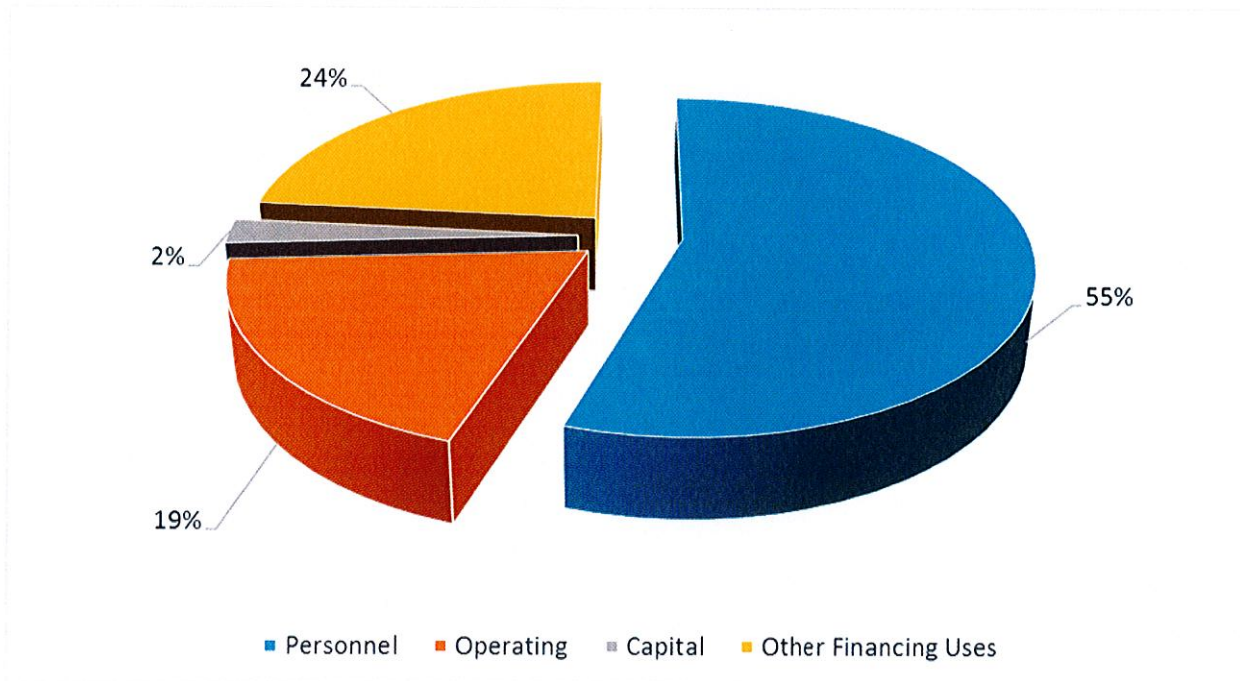
General Fund Expenses:

General Fund expenses for the nine months ending March 31, 2018 stand at \$67,409,611, which accounts for approximately 72% of the fiscal year budget of \$93,599,046. For the nine-month period, actual expenses are approximately \$9,633,951 higher than the prior year nine-month period ending March 31, 2017.

The following is a summary of the General Fund expenses for the nine months ending March 31, 2018:

Description	Budget FY 2018	YTD Actual FY2018	Remaining Budget	YTD Actual FY2017	Variance	% Variance
Personnel	\$ 53,054,904	\$ 37,044,516	\$ 16,010,388	\$ 36,187,546	\$ 856,970	2.4%
Operating	19,352,682	12,930,555	6,422,127	11,971,931	958,623	8.0%
Capital	4,537,874	1,569,655	2,968,219	1,706,019	(136,363)	-8.0%
Other Financing Sources	16,653,586	15,864,884	788,702	7,910,164	7,954,721	100.6%
Total Expenses	93,599,046	67,409,611	26,189,435	57,775,660	9,633,951	16.7%

The following graph depicts the composition of actual year-to-date expenses for fiscal year 2018 through nine months by expense type:



The following are the General Fund expense highlights for the nine months ending March 31, 2018:

- Personnel Expense:** Personnel expense stands at approximately \$37,044,516 through nine months and accounts for approximately 55% of total operating expense. Actual personnel expense is approximately \$856,970 higher than the prior year nine-month period ending March 31, 2017, which is a 2.4% variance. This variance is mainly due to the increase in worker's compensation loss expenses in FY 2018. With increased hiring in both the Police and Fire/Rescue Departments, personnel expenses are expected to continue to increase with the reduction of the vacancy rate.
- Other Financing Uses:** Other Financing Uses include both Indirect Cost Reimbursements and Transfers to Other Funds. The following is a year-to-date breakdown of Other Financing Uses:

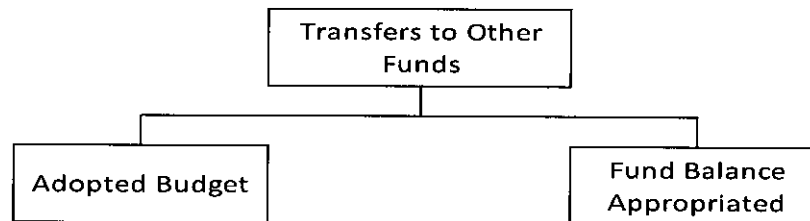
Description	Budget FY2018	YTD Actual FY2018	Remaining Budget	YTD Actual FY2017	Variance
Transfers to Other Funds	\$ 18,113,105	\$ 16,954,968	\$ 1,158,137	\$ 8,794,092	\$ 8,160,876
Indirect Cost Reimbursements	(1,459,519)	(1,090,084)	(369,435)	(983,684)	(106,400)
Total Other Financing Uses	16,653,586	15,864,884	788,702	7,810,409	8,054,476

Year-to-date, Other Financing Sources are up more than 100% as compared to the prior year due to the transfer of fund balance, in excess of our fund balance policy, to the Capital Reserve Fund for future capital projects.

The following are the year-to-date Transfers to Other Funds with a comparison to the current year budget and the prior year actuals:

Description	Budget FY2018	YTD Actual FY2018	Remaining Budget	YTD Actual FY2017	Variance
To Facility Improvement Fund	\$ 1,777,000	\$ 1,777,000	\$ -	\$ 1,590,000	\$ 187,000
To Debt Service Fund	4,737,002	4,737,002	-	1,678,357	3,058,645
To Capital Reserve Fund	5,093,803	5,082,603	11,200	460,000	4,622,603
To Sheppard Memorial Library	1,232,969	924,727	308,242	798,039	126,688
To Housing Fund	300,806	-	300,806	-	-
To Special Revenue Fund	537,889	-	537,889	258,303	(258,303)
To Transit Fund	603,781	603,781	-	565,269	38,512
To Street Improvement Project	2,950,000	2,950,000	-	1,700,000	1,250,000
To R&P Capital Projects	65,300	65,300	-	1,579,364	(1,514,064)
To Community Dev Capital Project	-	-	-	-	-
To Police Capital Projects	538,330	538,330	-	-	538,330
To Street Lighting Capital Project	276,225	276,225	-	-	276,225
To King George Road Capital Project	-	-	-	164,761	(164,761)
Total Transfers	18,113,105	16,954,968	1,158,137	8,794,092	8,160,876

The Transfers to Other Funds budget for FY 2018 is comprised of dollars included in the adopted budget as well as dollars appropriated with Fund Balance by Council to fund capital projects as part of the City's Long Range Capital Funding Plan:



The following is a breakdown of the funding sources for Transfers to Other Funds:

Description	Adopted Budget	Fund Balance Appropriated	Total Budget Transfers
To Facility Improvement Fund	\$ 1,777,000	\$ -	\$ 1,777,000
To Debt Service Fund	4,737,002	-	4,737,002
To Capital Reserve Fund	11,200	5,082,603	5,093,803
To Sheppard Memorial Library	1,232,969	-	1,232,969
To Housing Fund	300,806	-	300,806
To Special Revenue Fund	348,889	189,000	537,889
To Transit Fund	603,781	-	603,781
To Street Improvement Project	2,200,000	-	2,200,000
To R&P Capital Projects	-	65,300	65,300
To Street Lighting Capital Project	200,000	826,225	1,026,225
To Police Capital Projects	-	538,330	538,330
Total Transfers to Other Funds	11,411,647	6,701,458	18,113,105
% Mix	63.00%	37.00%	100.00%

Approximately \$6,701,458 (37%) of the total Transfers to Other Funds budget is being funded by Fund Balance appropriations within the General Fund. These dollars are being used to fund various capital project initiatives of the Council.

The following is a breakdown of the projects being funded with Fund Balance as included in the Transfers to Other Funds:

Project	Fund Balance Appropriated
<i>Transfer to Capital Reserve Fund</i>	
NCDOT Firetower Road Project	\$ 431,869
NCDOT Street Signal Conversion	912,000
Dickinson Avenue Parking	138,734
Town Common Gateway	2,000,000
Dickinson Avenue Streetscape	1,600,000
Subtotal	<u>5,082,603</u>
<i>Transfer to Special Revenue Fund</i>	
2016 Police COPS Grant	181,500
Other Miscellaneous Projects	7,500
Subtotal	<u>189,000</u>
<i>Transfer to R&P Capital Projects Fund</i>	
Westpointe Park Bathroom	65,300
Subtotal	<u>65,300</u>
<i>Transfer to Street Light Capital Project</i>	
Street Lights and Cameras	826,225
Subtotal	<u>826,225</u>
<i>Transfer to Police Capital Project Fund</i>	
Replacement of 911 System	312,830
Public Safety Storage Building	225,500
Subtotal	<u>538,330</u>
Total Funded with Fund Balance	<u><u>6,701,458</u></u>

Additional information related to Transfers and Fund Balance appropriations is included in the next section (Third Quarter General Fund Projection).

Third Quarter General Fund Projection:

The following is a summary of projected fiscal year 2018 General Fund revenues and expenses based on results through March 31, 2018:

Description	Budget FY2018	FY2018 YTD	FY2018 Projected	Variance
<u>Revenues</u>				
Property Tax	\$ 32,750,000	\$ 31,829,326	\$ 33,190,938	\$ 440,938
Sales Tax	18,823,000	11,512,413	19,260,583	437,583
Utilities Franchise Tax	7,102,077	5,034,503	6,811,355	(290,722)
Motor Vehicle Tax	1,503,457	963,737	1,474,905	(28,552)
Inspections Fees	950,000	1,062,547	1,499,214	549,214
Rescue Fees	3,127,484	2,253,418	3,510,167	382,683
Recreation Fees	1,999,487	1,169,699	1,729,407	(270,080)
Investments	500,000	91,674	500,000	-
GUC Transfer In	6,612,415	4,880,564	6,651,929	39,514
Powell Bill	2,220,065	2,185,760	2,185,760	(34,305)
All Other Revenues	6,819,141	3,742,854	4,989,834	(1,829,307)
Total Revenues	82,407,126	64,726,495	81,804,092	(603,034)
<u>Expenses</u>				
Personnel	\$ 53,054,904	\$ 37,044,516	\$ 51,181,138	\$ 1,873,766
Operating	19,452,359	12,763,425	18,840,023	612,336
Capital Improvement	3,938,197	1,236,785	2,362,918	1,575,279
Reimbursement Indirect Cost	(1,459,519)	(1,090,084)	(1,459,519)	-
Transfers Out	18,113,105	16,954,968	18,113,105	-
Other Expenses	500,000	500,000	500,000	-
Total Expenses	93,599,046	67,409,611	89,537,665	4,061,381
Revenue Less Expense	(11,191,920)	(2,683,116)	(7,733,573)	(3,458,347)
Fund Balance Appropriated	11,191,920	-	-	
Net	-	(2,683,116)	(7,733,573)	(3,458,347)

For FY 2018, expenses are budgeted to exceed revenues by approximately \$11,191,920 (highlighted in Green above). Fund Balance in the amount of \$11,191,920 has been appropriated to make up this difference. The appropriated Fund Balance of \$11,191,920 is included in the total expense budget of \$93,599,046. In other words, budgeted expenses have been increased by \$11,191,920 in order to cover the cost of the purposes for which Fund Balance has been appropriated.

The appropriation of Fund Balance was not necessary to balance the on-going operating budget of the City. Fund Balance was appropriated for the following purposes:

1. To cover purchase orders that were open as of the end of FY 2017
2. To cover the cost of various projects funded with Powell Bill funds
3. To fund various one-time projects as part of the City's Long Range Debt Plan

The following is a breakdown of Fund Balance appropriated in the budget by purpose and by the expense category in which the Fund Balance is included:

Purpose for Appropriation	Expense Category			
	Operating	Capital Improvements	Transfers Out	Total
Cover Operrn Purchase Orders at End of FY2017	\$ 1,373,252	\$ -	\$ -	\$ 1,373,252
Powell Bill Projects	-	-	-	-
Fund One-Time Projects	1,409,453	1,707,757	6,701,458	9,818,668
Total Fund Balance Appropriated	2,782,705	1,707,757	6,701,458	11,191,920

Approximately \$9,818,668 was appropriated in FY 2018 to cover various one-time projects. The following is a list of projects funded with the appropriation of Fund Balance:

Purpose for Appropriation	Expense Category			
	Operating	Capital Improvements	Transfers Out	Total
Street Lights and Cameras	\$ -	\$ -	\$ 826,225	\$ 826,225
NCDOT Firetower Road Project	-	-	431,869	431,869
NCDOT Street Signal Conversion	-	-	912,000	912,000
Dickinson Avenue Parking	-	-	138,734	138,734
Town Common Gateway	-	-	2,000,000	2,000,000
Dickinson Avenue Streetscape	-	-	1,600,000	1,600,000
Replacement of 911 System	-	-	312,830	312,830
Public Safety Storage Building	-	-	225,500	225,500
Westpointe Park Bathroom	-	-	65,300	65,300
2016 Police COPS Grant	-	-	181,500	181,500
Other Miscellaneous Projects	-	-	7,500	7,500
Eastside Park Development	-	123,900	-	123,900
Fire/Rescue Parking Lot #3	-	139,551	-	139,551
Fire Station #2	-	244,665	-	244,665
Fire/Rescue Defibrillators	-	35,500	-	35,500
City Hall Upgrades	-	13,519	-	13,519
Purchasing Expansion	-	187,270	-	187,270
Greenmill Run Greenway	-	11,323	-	11,323
Mast Arm Poles	-	100,000	-	100,000
Parking Lot Upkeep	-	81,903	-	81,903
Cemetary Enhancements	-	30,000	-	30,000
Signal Progression	-	35,000	-	35,000
Sidewalk Construction Program	-	412,056	-	412,056
Westpointe Land Acquisition	-	26,485	-	26,485
Donation Carryover from FY2017	205,109	-	-	205,109
ED Revolving Loan Fund	-	266,585	-	266,585
Façade Improvement Grants	26,000	-	-	26,000
Adopted Budget Ordinance	1,178,344	-	-	1,178,344
Total Funded with Fund Balance	1,409,453	1,707,757	6,701,458	9,818,668

The appropriation of Fund Balance to fund one-time projects has been approved within the confines of Council's Excess Fund Balance policy. The City's policy is to maintain an Unassigned General Fund Balance of at least 14% of the total annual General Fund Budget. The appropriation of Fund Balance within FY 2018 maintains this policy as follows:

FY2017-18 Budget Less Powell Bill	\$ 79,081,156
Fund Balance Percentage	14.00%
Calculated Fund Balance	<u>\$ 11,071,362</u>
Unassigned Fund Balance per FY2016-17 Audit	\$ 20,177,452
Calculated Fund Balance	<u>(11,071,362)</u>
Amount Available for Appropriation	9,106,090
Amount Appropriated FY2018	(9,106,090)
Adjusted Amount Available for Appropriation	<u>\$ -</u>

For FY 2018, actual expenses are projected to exceed actual revenues by approximately \$7,733,573. This amount is lower than the budgeted amount of \$11,191,920. The following is a summary:

Expenses Exceeding Revenues:

Projected	\$ (7,733,573)
Budgeted	\$ (11,191,920)
Difference	<u>\$ 3,458,347</u>

The amount by which actual expenses are projected to exceed revenues is approximately \$3,458,347 dollars less than what was budgeted for FY 2018. This difference is comprised of various components which are summarized as follows:

1.	Actual Projected Revenue Budget Shortfall: The projected shortfall of actual revenues is \$603,034. This difference is primarily due to Other Revenue Sources, such as miscellaneous revenue and NCDOT Traffic Signal reimbursements as compared to budget, in addition to the initial inventory recorded for the first time.	(\$603,034)
2.	Personnel Expenses Less Than Budget: Actual personnel expenses are projected to be approximately \$1.9 million less than budget. This is primarily due to the vacancy rate averaging 7% compared to the budget rate of 4%. In addition, the City has seen an increase in employment in the Police and Fire/Rescue Departments with new recruiting classes being completed near the end of the fiscal year, which should push personnel expenses closer to budget.	\$1,873,766
3.	Operating Expenses Less Than Budget: Actual operating expenses are projected to be approximately \$612 thousand less than budget due to an increased operating budget as a result of expenses associated with the Red Light Camera Program. In addition, a portion of other excess operating budget amounts will need to be carried over into FY2019 to complete various operating initiatives.	\$612,336
4.	Capital Expense Less Than Budget: Actual capital expenses are projected to be approximately \$1.6 million less	\$1,575,279

	than budget. As with operating expense, this is consistent with prior year. In addition, a significant amount of this excess may need to be carried over into FY2019 to complete projects that cross over fiscal years.	
Total		\$3,458,347

Note: The General Fund revenues and expenses projected are volatile and subject to change based on economic factors and changes in operation for the remainder of the fiscal year. Projections will be updated monthly based on changes in economic and operating factors.

TRANSIT FUND:

The following are the revenues and expenses for the Transit Fund for the nine-month period ending March 31, 2018 as compared to the prior year nine-month period ending March 31, 2017:

Description	Budget FY 2018	YTD Actual FY2018	Remaining Budget	YTD Actual FY2017	Variance	% Variance
Revenues						
Sales and Services	\$ 380,014	\$ 189,113	190,901	\$ 187,512	\$ 1,601	0.9%
Intergovernmental	3,445,590	601,545	2,844,045	642,654	(41,109)	-6.4%
Transfers In	603,781	603,781	-	567,128	36,653	6.5%
Appropriated Fund Balance	344,912	-	344,912	-	-	0.0%
Total Revenues	\$ 4,774,297	\$ 1,394,439	\$ 3,379,858	\$ 1,397,294	\$ (2,855)	-0.2%
Expenses						
Personnel	\$ 1,163,282	\$ 918,481	\$ 244,801	\$ 809,911	\$ 108,570	13.4%
Operating	1,216,240	659,135	557,105	611,669	47,465	7.8%
Capital Outlay	2,394,775	218,838	2,175,937	212,688	6,151	2.9%
Transfers Out	-	-	-	104,000	(104,000)	-100.0%
Total Expenses	\$ 4,774,297	\$ 1,796,455	\$ 2,977,842	\$ 1,738,268	\$ 58,187	3.3%
Revenues Less Expenses	\$ -	\$ (402,015)	\$ 402,015	\$ (340,974)	\$ (61,042)	

For the nine-month period ending March 31, 2018, actual expenses exceeded revenues by approximately \$402,015, whereas expenses exceeded revenues by approximately \$340,974 for the prior year nine-month period ending March 31, 2017. It is very typical for the Transit Fund to have a negative net result during the first half of the fiscal year, as the majority of the fund revenues are FTA and NCDOT grant reimbursement based, however, the current deficit is due to a delay in the execution of the current operating grant agreement resulting in reimbursements being delayed. The fund is projected to meet both budget for revenues and expenses based on the percentage spent year-to-date.

The following are a few highlights for the Transit Fund for the nine months ending March 31, 2018:

- **Personnel Expense:** Personnel expense has increased by approximately \$108,570 for the first half of FY 2018 as compared to FY 2017. This is reflective of the increased cost of salaries and benefits, as well as the staffing of previously vacant positions with part-time staff.

- **Transfers Out:** The 100% reduction in Transfers Out is due to a prior year transfer carryover grant funding to the GTAC project.

SANITATION FUND:

The following are the revenues and expenses for the Sanitation Fund for the nine-month period ending March 31, 2018 as compared to the prior year nine-month period ending March 31, 2017:

Description	Budget FY 2018	YTD Actual FY2018	Remaining Budget	YTD Actual FY2017	Variance	% Variance
Revenues						
Sales and Services	\$ 7,544,480	\$ 4,913,582	2,630,898	\$ 4,972,360	\$ (58,778)	-1.2%
Other Revenues	74,806	68,433	6,373	67,063	1,370	2.0%
Appropriated Fund Balance	243,789	-	243,789	-	-	0.0%
Total Revenues	\$ 7,863,075	\$ 4,982,015	\$ 2,881,061	\$ 5,039,423	\$ (57,408)	-1.1%
Expenses						
Personnel	\$ 3,098,675	\$ 2,001,867	\$ 1,096,808	\$ 2,163,676	\$ (161,809)	-7.5%
Operating	4,076,548	2,674,730	1,401,818	2,734,320	(59,590)	-2.2%
Capital Outlay	318,093	168,337	149,756	30,210	138,127	0.0%
Transfers Out	369,759	250,000	119,759	237,816	12,184	5.1%
Total Expenses	\$ 7,863,075	\$ 5,094,934	\$ 2,768,142	\$ 5,166,022	\$ (71,088)	-1.4%
Revenues Less Expenses	\$ -	\$ (112,919)	\$ 112,919	\$ (126,599)	\$ 13,679	

For the nine-month period ending March 31, 2018, actual expenses exceeded revenues by approximately \$112,919 and by approximately \$126,599 for the prior year nine-month period ending March 31, 2017.

The following are a few highlights for the Sanitation Fund for the nine months ending March 31, 2018:

- **Sales and Services:** Sales and Services revenues account for approximately 99% of the fund's total revenues. Actual year-to-date Sales and Services revenues reflect a rate of \$16.00 per month for curbside and multi-family service, which is an increase of \$0.25 per month from the FY 2017 rate of \$15.75. Revenues for the first half of the fiscal year have decreased by approximately \$58,778.
- **Personnel Expense:** Personnel expense has decreased by approximately \$161,809 for the first half of FY 2018 as compared to FY 2017. This decrease is the net of the increased cost of salaries and benefits and the decrease in actual expense related to current vacancies within the department.

STORMWATER FUND:

The following are the revenues and expenses for the Stormwater Fund for the nine-month period ending March 31, 2018 as compared to the prior year nine-month period ending March 31, 2017:

Description	Budget FY 2018	YTD Actual FY2018	Remaining Budget	YTD Actual FY2017	Variance	% Variance
Revenues						
Stormwater Utility Fee	\$ 5,928,998	\$ 3,952,709	1,976,289	\$ 3,608,367	\$ 344,343	9.5%
Appropriated Fund Balance	2,539,228	-	2,539,228	-	-	0.0%
Total Revenues	\$ 8,468,226	\$ 3,952,709	\$ 4,515,517	\$ 3,608,367	\$ 344,343	9.5%
Expenses						
Personnel	\$ 1,469,997	\$ 784,565	\$ 685,432	\$ 847,352	\$ (62,787)	-7.4%
Operating	3,459,025	377,329	3,081,695	264,710	112,620	42.5%
Capital Outlay	1,807,149	157,228	1,649,921	58,060	99,168	170.8%
Transfers Out	1,732,056	1,725,542	6,514	304,542	1,421,000	466.6%
Total Expenses	\$ 8,468,226	\$ 3,044,664	\$ 5,423,562	\$ 1,474,664	\$ 1,570,000	106.5%
Revenues Less Expenses	\$ -	\$ 908,045	\$ (908,045)	\$ 2,133,703	\$ (1,225,657)	

For the nine-month period ending March 31, 2018, actual revenues exceeded expenses by approximately \$908,045 whereas revenues exceeded expenses by approximately \$2,133,703 for the prior year nine-month period ending March 31, 2017.

The following are a few highlights for the Stormwater Fund through nine months:

- **Stormwater Utility Fee:** The Stormwater Utility Fee accounts for 100% of the fund's actual revenues and is based on a rate of \$5.35 per equivalent residential unit (ERU). This represents an increase of \$0.50 per ERU from the rate of \$4.85 charged for FY 2017.
- **Capital Outlay:** The increase from the prior year is due to an increase in dollars appropriated and timing of expenditures for the annual stormwater emergency repair contract.
- **Transfers Out:** Transfers Out for FY 2018 reflect the timing of the indirect cost transfer from the fund to the General Fund. Additional funds were appropriated per Budget Ordinance Amendment #5 to fund projects associated with the Watershed Master Plan.

Upon review of the mid-year financial report, please let me know if you have any questions.

Capital Projects

The following is a summary of all active capital projects showing actual expenses as compared to forecasted expenses through the third quarter ending March 31, 2018. Actual expense totals that are below 25% of forecasted expenses are highlighted in red.

* All cumulative numbers are presented through 2018 Q3

Projects	Budget	Forecasted	Actual	% Cumulative Goal	Amount Over / Short
Public Works	\$ 105,329,156	\$ 46,886,785	\$ 26,592,788	-43%	\$ (20,293,997)
Stormwater Projects	\$ 40,151,269	\$ 12,362,863	\$ 6,515,169	-47%	\$ (5,847,695)
Stormwater Repairs	\$ 2,860,653	\$ 2,198,153	\$ 170,698	-92%	\$ (2,027,455)
Town Creek Culvert (TWNCK)	\$ 33,907,382	\$ 6,781,476	\$ 2,981,342	-56%	\$ (3,800,134)
Watershed Master Plan	\$ 3,383,234	\$ 3,383,234	\$ 3,363,128	-1%	\$ (20,106)
Street Improvement Projects	\$ 24,218,000	\$ 18,320,833	\$ 11,499,026	-37%	\$ (6,821,808)
Bond Resurfacing Project - Phase 1 (BRES1)	\$ 1,900,000	\$ 1,900,000	\$ 1,997,509	5%	\$ 97,509
Bond Resurfacing Project - Phase 2 (BRES2)	\$ 1,300,000	\$ 1,300,000	\$ 1,290,799	-1%	\$ (9,201)
Bond Resurfacing Project - Phase 3 (BRES3)	\$ 1,200,000	\$ 480,000	\$ -	-100%	\$ (480,000)
10th Street Connector Project (STA10)	\$ 1,750,000	\$ 1,750,000	\$ 1,500,000	-14%	\$ (250,000)
Street Improvement Projects	\$ 5,600,000	\$ 3,733,333	\$ 1,643,894	-56%	\$ (2,089,439)
Street Improvement Projects (STRIP)	\$ 7,688,000	\$ 7,207,500	\$ 5,056,823	-30%	\$ (2,150,677)
Green St to RPN Greenway Project (EGRWY)	\$ 2,830,000	\$ -	\$ 10,000		\$ 10,000
West 5th St Streetscape (W5TH)	\$ 1,950,000	\$ 1,950,000	\$ -	-100%	\$ (1,950,000)
Sidewalk Projects	\$ 5,405,486	\$ 4,302,863	\$ 839,775	-80%	\$ (3,463,088)
Sidewalk Project (SWLK)	\$ 1,400,000	\$ 1,050,000	\$ -	-100%	\$ (1,050,000)
Walk Development/Parking (SDEV and DAPK)	\$ 2,015,500	\$ 1,511,625	\$ 46,941	-97%	\$ (1,464,684)
Streetlights/Pedestrian Safety (STLGT)	\$ 1,026,225	\$ 897,947	\$ 437,469	-51%	\$ (460,478)
Pedestrian Crossings 2016 (PDX16)	\$ 460,761	\$ 403,166	\$ 221,823	-45%	\$ (181,343)
Safe Routes to School	\$ 503,000	\$ 440,125	\$ 133,541	-70%	\$ (306,584)
Construction Projects	\$ 12,067,833	\$ 10,863,778	\$ 7,031,048	-35%	\$ (3,832,730)
Public Transportation Activity Center (INMOD)	\$ 9,336,917	\$ 9,336,917	\$ 5,532,712	-41%	\$ (3,804,205)
Fire Rescue/Police Storage Facility (FRPSF)	\$ 1,744,984	\$ 1,526,861	\$ 1,498,336	-2%	\$ (28,525)
Southside Fire Station	\$ 985,932	\$ -	\$ -		\$ -
Greenway Projects	\$ 1,184,511	\$ 1,036,447	\$ 707,771		\$ (328,676)
South Tar River Greenway (STRG3)	\$ 1,184,511	\$ 1,036,447	\$ 707,771	-32%	\$ (328,676)
DOT Projects	\$ 22,302,057	\$ -	\$ -		\$ -
Allen Road Widening	\$ 22,302,057	\$ -	\$ -		\$ -
Recreation and Parks	\$ 6,776,647	\$ 6,024,842	\$ 5,115,038	-15%	\$ (909,805)
South Greenville Reconstruction (SGRV)	\$ 3,499,500	\$ 3,499,500	\$ 3,396,966	-3%	\$ (102,534)
Town Commons (TC)	\$ 985,932	\$ 492,966	\$ 212,308	-57%	\$ (280,658)
Play Together Playground (PLAY)	\$ 1,000,000	\$ 1,000,000	\$ 999,999	0%	\$ (1)
Tar River Development (TRP)	\$ 310,632	\$ 194,145	\$ 65,776	-66%	\$ (128,369)
Accessible Water Sports Facility (WSF)	\$ 239,390	\$ 119,695	\$ 98,753	-17%	\$ (20,942)
Eastside Park Development (EPKD)	\$ 181,255	\$ 158,598	\$ 11,670	-93%	\$ (146,928)
Eastside Park Development (WPKD** and WSACQ)	\$ 559,938	\$ 559,938	\$ 329,565	-41%	\$ (230,373)
Total:	\$ 112,105,803	\$ 52,911,627	\$ 31,707,826	-40%	\$ (21,203,801)

It should be noted that expenses are forecast in a straight-line method based on estimated project start and completion dates provided by the departments. Actual expenses may not be incurred in such an even manner. However, until such a time that an accurate schedule of expenses can be provided per project, this method allows for a simple analysis of projected versus actual expenses.

* All cumulative numbers are presented through 2018 Q3

Projects	Budget	Forecasted	Actual	% Cumulative Goal	Amount Over / Short
Public Works	\$ 105,329,156	\$ 46,886,785	\$ 26,592,788	-43%	\$ (20,293,997)
Stormwater Projects	\$ 40,151,269	\$ 12,362,863	\$ 6,515,169	-47%	\$ (5,847,695)
Street Improvement Projects	\$ 24,218,000	\$ 18,320,833	\$ 11,499,026	-37%	\$ (6,821,808)
Sidewalk Projects	\$ 5,405,486	\$ 4,302,863	\$ 839,775	-80%	\$ (3,463,088)
Construction Projects	\$ 12,067,833	\$ 10,863,778	\$ 7,031,048	-35%	\$ (3,832,730)
Greenway Projects	\$ 1,184,511	\$ 1,036,447	\$ 707,771		\$ (328,676)
DOT Projects	\$ 22,302,057	\$ -	\$ -		\$ -
Recreation and Parks	\$ 6,776,647	\$ 6,024,842	\$ 5,115,038	-15%	\$ (909,805)
Total:	\$ 112,105,803	\$ 52,911,627	\$ 31,707,826	-40%	\$ (21,203,801)

Through the third quarter ending March 31, 2018, actual expenses on capital projects was 40% below forecasted expenses, representing a shortfall of \$21,203,801. A review of projects by department and category is included below:

Public Works

Through the third quarter ending March 31, 2018, most of the total capital spending variance can be attributed to projects assigned to Public Works as actual expenses fell 43% below forecasted expenses, representing a shortfall of \$20,293,997.

- **Stormwater Projects** – Through the third quarter ending March 31, 2018, actual expenses were 47% below forecasted expenses, representing a shortfall of \$5,847,695. This delay is mainly due to the delay in the Town Creek Culvert project, which was delayed while awaiting consideration for additional State Revolving Loan funds. These funds were ultimately approved, eliminating the need to issue debt.
 - Stormwater Repairs - \$210,653 in stormwater repair projects were carried over from FY 2017. \$2,650,000 in stormwater repair projects was identified for FY 2018 for a total budget of \$2,860,653. Through the third quarter ending March 31, 2018, actual expenses totaled \$170,698, or 93% below forecasted expenses. The delay in the project timeline can be attributed to the timing of payments to the contractor for completed work. As is seen with many construction projects within the Public Works department, payment is not made until the project has been completed and inspected.
 - Town Creek Culvert – Through the third quarter ending March 31, 2018, actual expenses were 56% below forecasted expenses, representing a shortfall of \$3,800,134. However, construction has begun on this project and that contract has been encumbered at a total of \$27,570,023. This total will be expensed over the life of the project and should narrow the deficit between actual and forecasted expenses going forward.
- **Street Improvement Projects** – These projects represent the largest dollar value shortfall between forecasted expenses and actual expenses with actual expenses coming in 37% below forecasted expenses for a shortfall of \$6,821,808 through the third quarter ending March 31, 2018. The City has placed a priority on maintaining our street infrastructure, committing significant funding toward street improvement projects. Timing of payments, as a result of project completions and bond issuances, can be attributed to the shortfall in expected spending to date.
 - Bond Resurfacing Projects – The first two phases of this project have been completed except for administrative closeout procedures. Actual expenses for the first two phases were within 5% of forecasted expenses. Phase 3 was scheduled to begin in October of 2017. \$480,000 in expenses were forecasted through the third quarter ending March 31, 2018. No expenses have been incurred for this project through that date.
 - 10th Street Connector – This project is behind schedule as its original scheduled completion date was the second quarter ending December 31, 2017. Through the

- third quarter ending March 31, 2018, actual expenses were 14% below forecasted expenses, representing a shortfall of \$250,000.
- Other Street Improvement Projects (Bond) – Other street improvement projects funded through the Street and Pedestrian Bond saw actual expenses that were 56% below forecasted expenses through the third quarter ending March 31, 2018, representing a shortfall of \$2,089,439.
 - Street Improvement Projects – Through the third quarter ending March 31, 2018, actual expenses for street improvement projects, funded with General Fund and Powell Bill funding, were 30% below forecasted expenses, representing a shortfall of \$2,150,677.
 - West 5th Streetscape – No identifiable expenses have been incurred for this project. The project was budgeted \$1,950,000 and was scheduled to begin in September 2016 and to be completed in March 2018.
- **Sidewalk Projects** - These projects represent the largest percentage shortfall between forecasted expenses and actual expenses with actual expenses totaling just 20% of forecasted expenses, representing a shortfall of \$3,463,088 through the third quarter ending March 31, 2018. The shortfall in sidewalk projects is a result of the majority of department staffing resources being used for the priority street improvement projects.
 - Sidewalk Project (Bond) – No identifiable expenses have been incurred for this project. The project was scheduled to begin in October 2017 and expenses of \$1,050,000 were forecasted through the third quarter ending March 31, 2018.
 - Sidewalk Development / Parking – Through the third quarter ending March 31, 2018, actual expenses were 97% below forecasted expenses, representing a shortfall of \$1,464,684.
 - Streetlights / Pedestrian Safety – Through the third quarter ending March 31, 2018, actual expenses were 45% below forecasted expenses, representing a shortfall of \$460,478. However, the estimated completion date for this project may not be able to be accurately stated due to this initiative being open-ended. Public Works relies on Police to identify locations for streetlight placement and cannot proceed until locations are identified. Therefore, the scheduled completion date for this project may need to be adjusted which could help alleviate the shortfall between actual and forecasted expenses.
 - Pedestrian Crossings 2016 - Through the third quarter ending March 31, 2018, actual expenses were 45% below forecasted expenses, representing a shortfall of \$181,343. Construction has recently been completed, and the City is awaiting final approval on DOT inspections before completing final payments, thereby affecting when reimbursement is received.
 - Safe Routes to School - Through the third quarter ending March 31, 2018, actual expenses were 70% below forecasted expenses, representing a shortfall of \$306,584. Project design has been completed and construction is set to begin in FY 2019.
 - **Additional Construction Projects** - Through the third quarter ending March 31, 2018, actual expenses were 35% below forecasted expenses, representing a shortfall of \$3,832,730. Nearly all of the shortfall is contained in the Greenville Transportation Activity Center project. This shortfall is expected to be alleviated by the end of FY 2018.

- Greenville Transportation Activity Center - Through the third quarter ending March 31, 2018, actual expenses were 41% below forecasted expenses, representing a shortfall of \$3,804,205. This project is projected to be completed by the fourth quarter ending June 30, 2018. The balance of the expenses due to the contractor will be paid at that time which should bring the actual expenses back in line with forecasted expenses.
 - Fire Rescue / Police Storage Facility – This project is on schedule to be completed on time and actual expenses are within 5% of forecasted expenses.
 - Southside Fire Station – Construction of the Southside Fire Station is expected to begin in FY 2019.
- **Greenway Projects** – This category currently consists only of the South Tar River Greenway project. Through the third quarter ending March 31, 2018, actual expenses were 32% below forecasted expenses, representing a shortfall of \$328,676.
 - **DOT Projects** – This category currently consists of the Allen Road Widening, Evans Street Widening, and 14th Street Widening, and two Firetower Road projects. These are all future projects, scheduled to be completed over the next five years.

Recreation and Parks

Through the third quarter ending March 31, 2018, actual expenses were 15% below forecasted expenses, representing a shortfall of \$909,805.

- South Greenville Reconstruction – This project is complete. Through the third quarter ending March 31, 2018, actual expenses were within 5% of forecasted expenses.
- Town Commons - Through the third quarter ending March 31, 2018, actual expenses were 57% below forecasted expenses, representing a shortfall of \$280,658. Construction is set to begin on the Town Common bathrooms, with an anticipated completion date of July 2018, while the Town Common Gateway is expected to begin in FY 2019.
- Play Together Playground – This project is complete pending administrative closeout procedures. Through the third quarter ending March 31, 2018, actual expenses were within 1% of forecasted expenses.
- Tar River Development - Through the third quarter ending March 31, 2018, actual expenses were 66% below forecasted expenses, representing a shortfall of \$128,369.
- Accessible Water Sports Facility - Through the third quarter ending March 31, 2018, actual expenses were 17% below forecasted expenses, representing a shortfall of \$20,942. This shortfall will be alleviated within the next quarter as the remaining funds have been encumbered and the project is scheduled to be completed in that time frame.
- Eastside Park Development - Through the third quarter ending March 31, 2018, actual expenses were 93% below forecasted expenses, representing a shortfall of \$146,928.
- Westside Park Development - Through the third quarter ending March 31, 2018, actual expenses were 41% below forecasted expenses, representing a shortfall of \$230,373.