

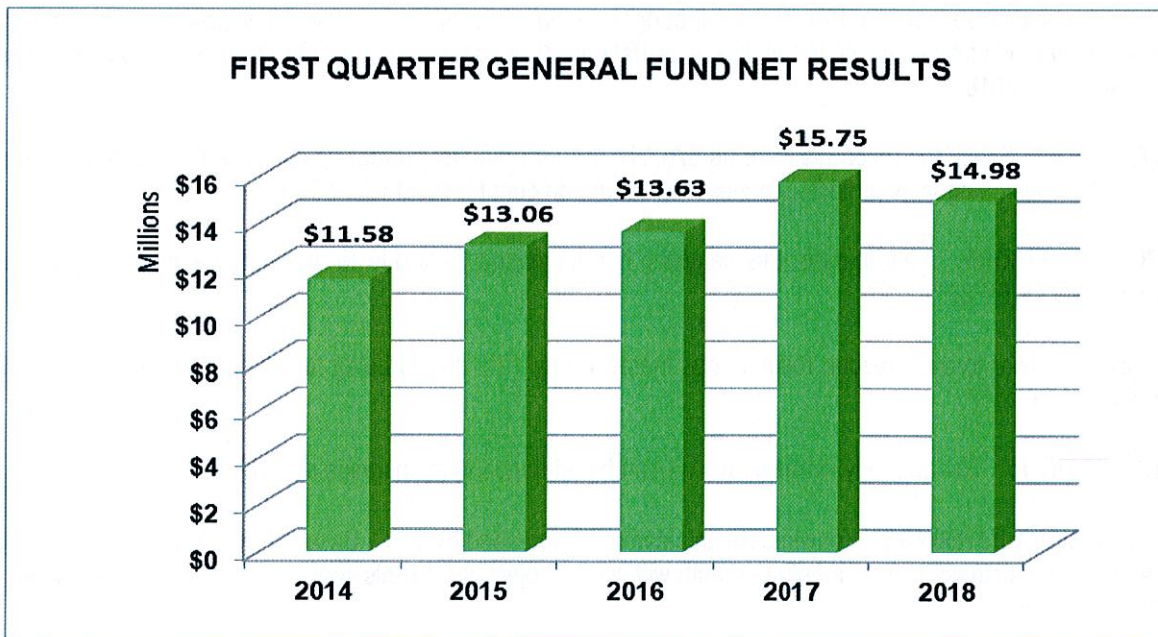
**MEMORANDUM**

**TO:** Ann E. Wall, City Manager  
 Michael Cowin, Assistant City Manager  
**FROM:** Bernita W. Demery, CPA, MBA, Director of Financial Services *BWD*  
**DATE:** October 20, 2017  
**SUBJECT:** Major Fund Financial Quarter-End Report – As of September 30, 2017

Enclosed is the financial information for the quarter ending September 30, 2017. Report data reflects three months (25%) of fiscal year (FY) 2018. Overall, the net results of revenue over expenses indicate a decrease of 3% over previous year. Unexpected and/or significant variances greater than 10% will be noted. Additionally, within this report is a year-to-date budget versus actual discussion.

**Summary**

GENERAL FUND SUMMARY AS OF SEPTEMBER 30, 2017						
	2018 YTD	2017 YTD	\$ CHANGE	% CHANGE	2018 BUDGET	% REC./ SPENT
REVENUES	\$ 30,086,946	\$ 30,288,884	\$ (201,938)	-1%	\$ 86,167,435	35%
EXPENSES	\$ 14,794,085	\$ 14,465,294	\$ 328,791	2%	\$ 71,397,241	21%
TRANSFERS	\$ 308,242	\$ 299,265	\$ 8,978	3%	\$ 10,616,558	3%
NET	\$ 14,984,618	\$ 15,524,325	\$ (539,707)	-3%	-	-



- Specific details for the year-to-date differences compared to last year are in the pages to follow.

cc: Department Heads

## Revenues

GENERAL FUND REVENUE BY TYPE SUMMARY AS OF SEPTEMBER 30, 2017						
	2018	2017	\$	%	2018	% REC/
	YTD	YTD	CHANGE	CHANGE	BUDGET	SPENT
PROPERTY	\$21,744,654	\$21,289,023	\$ 455,631	2%	\$32,750,000	66%
SALES	1,759,709	1,681,592	78,117	5%	18,823,000	9%
UTILITIES	1,567,198	1,569,061	(1,863)	<1%	7,102,077	22%
MOTOR VEHICLE	269,748	201,913	67,835	34%	1,503,457	18%
INSPECTION	436,223	391,581	44,642	11%	1,025,000	43%
RESCUE	829,904	696,020	133,884	19%	3,127,484	27%
RECREATION	496,948	489,796	7,152	1%	1,963,342	25%
INVESTMENTS	245,509	206,564	38,945	19%	500,000	49%
GUC TRANS. IN	1,579,572	1,555,894	23,678	2%	6,651,919	24%
POWELL BILL	-	1,100,721	(1,100,721)	-100%	2,220,065	0%
<b>SUBTOTAL</b>	<b>28,929,464</b>	<b>29,182,165</b>	<b>(252,701)</b>	<b>-1%</b>	<b>75,666,344</b>	<b>38%</b>
ALL OTHER REV.	1,157,482	1,106,719	50,763	5%	5,169,111	22%
APP. FUND BAL.	-	-	-	0%	1,178,344	0%
<b>SUBTOTAL</b>	<b>1,157,482</b>	<b>1,106,719</b>	<b>50,763</b>	<b>5%</b>	<b>6,347,455</b>	<b>18%</b>
<b>TOTAL</b>	<b>\$30,086,946</b>	<b>\$30,288,884</b>	<b>\$ (201,938)</b>	<b>-1%</b>	<b>\$82,013,799</b>	<b>37%</b>

Revenues have decreased 1%, year-to date. A brief explanation of revenues with variances +/- 10% is listed below.

- **PROPERTY TAX:** This category does not reach the 10% variance threshold to warrant a justification; however since this revenue source is 40% of overall budget, it should be noted that the 2% increase, in this category, over last year is consistent with the budget expectations. This category is projected to meet the budget amount for fiscal year 2018.
- **SALES TAX:** Sales Tax revenues were up \$78,117 (5%) for the first quarter as compared to the first quarter of FY 2017. This category is projected to meet the budget amount for fiscal year 2018.
- **MOTOR VEHICLE:** Year-to-date, this category has increased 34% due to the increase in the City's motor vehicle fee for FY 2017.
- **RESCUE:** Year-to-date, rescue revenue has increased by 19% due to being fully staffed as compared to first quarter of FY 2017.
- **INSPECTIONS:** The quarterly increase of 11% can be attributed to an increase in permits issued in FY 2018.
- **INVESTMENT EARNINGS:** Year-to-date, this category increased by 19%. Based on the variance in the market each month, fluctuations from month to month will vary. Projections for this source are maintained at budget for this fiscal year.
- **POWELL BILL:** The decrease of 100% for the quarter is due to the timing of receiving the first Powell Bill allocation for the year.



## Expenses

GENERAL FUND EXPENSE BY CATEGORY SUMMARY AS OF SEPTEMBER 30, 2017						
EXPENSES	2018 YTD	2017 YTD	\$ CHANGE	% CHANGE	2018 BUDGET	% REC/ SPENT
PERSONNEL	\$ 10,985,221	\$ 10,779,687	\$ 205,534	2%	\$ 53,265,688	21%
OPERATIONS	3,631,033	3,680,284	(49,251)	-1%	17,490,441	21%
CAPITAL OUTLAY	203,713	-	203,713	>100%	19,602	>100%
CAPITAL IMPROVEMENTS	305,422	333,218	(27,796)	-8%	2,081,029	15%
<b>TOTAL</b>	<b>\$ 15,125,390</b>	<b>\$ 14,793,189</b>	<b>\$ 332,201</b>	<b>2%</b>	<b>\$ 72,856,760</b>	<b>21%</b>

Expenses have increased 2%, year-to-date. Personnel expenses have increased 2% compared to prior year. This increase is primarily the result of the 2% COLA increase implemented in FY 2018 and the filling of vacant positions. The other categories (Operations, Capital Outlay, and etc.) fluctuate year to year due to the timing of payment for various items. A brief explanation is provided below:

- **CAPITAL OUTLAY:** Capital Outlay increased by greater than 100%, year-to-date, due to the appropriation of Federal Forfeiture funds within the Police Department.

GENERAL FUND EXPENSE BY DEPARTMENT SUMMARY AS OF SEPTEMBER 30, 2017						
EXPENSES	2018 YTD	2017 YTD	\$ CHANGE	% CHANGE	2018 BUDGET	% REC/ SPENT
MAYOR & COUNCIL	\$ 103,126	\$ 97,949	\$ 5,177	5%	\$ 457,998	23%
CITY MANAGER	580,341	506,323	74,018	15%	2,077,618	28%
CITY CLERK	61,684	49,070	12,615	26%	265,083	23%
CITY ATTORNEY	93,476	110,600	(17,124)	-15%	460,767	20%
HUMAN RESOURCES	559,258	633,160	(73,901)	-12%	2,790,698	20%
INFORMATION TECH.	656,379	653,464	2,915	<1%	3,033,453	22%
FIRE/RESCUE	2,903,961	2,966,818	(62,856)	-2%	14,431,700	20%
FINANCIAL SVCS.	726,308	699,839	26,468	4%	2,428,481	30%
CONTINGENCY	-	-	-	0%	200,000	0%
OPEB CONTRIBUTION	-	-	-	0%	500,000	0%
POLICE	5,406,955	5,186,401	220,554	4%	25,025,665	22%
RECREATION & PARKS	1,727,296	1,719,771	7,525	<1%	8,455,782	20%
PUBLIC WORKS	1,793,766	1,665,093	128,673	8%	10,167,223	18%
COMM. DEVELOPMENT	512,839	504,701	8,138	2%	2,562,292	20%
INDIRECT COST	(331,305)	(327,895)	(3,410)	1%	(1,459,519)	23%
<b>TOTAL</b>	<b>\$ 14,794,085</b>	<b>\$ 14,465,294</b>	<b>\$ 328,791</b>	<b>2%</b>	<b>\$ 71,397,241</b>	<b>21%</b>

Overall, department spending fell within the expected limit as a percentage of budgets. Total department expenses have increased by 2%, year-to-date which is consistent with the COLA increase for 2018. Departmental variances greater than +/- 10% are noted below:

- **CITY MANAGER:** The year-to-date increase of 15% is due to increased salary expenses during FY 18, associated with the arrival of a new City Manager, and vacation payout for a department retirement.
- **CITY CLERK:** The year-to-date increase of 26% is due to the timing of computer software charges in FY 2018.
- **CITY ATTORNEY:** The year-to-date decrease of 15% is due to increased salary expenses in the quarter as a result of the vacation payout for a department retirement occurring in FY 2017.

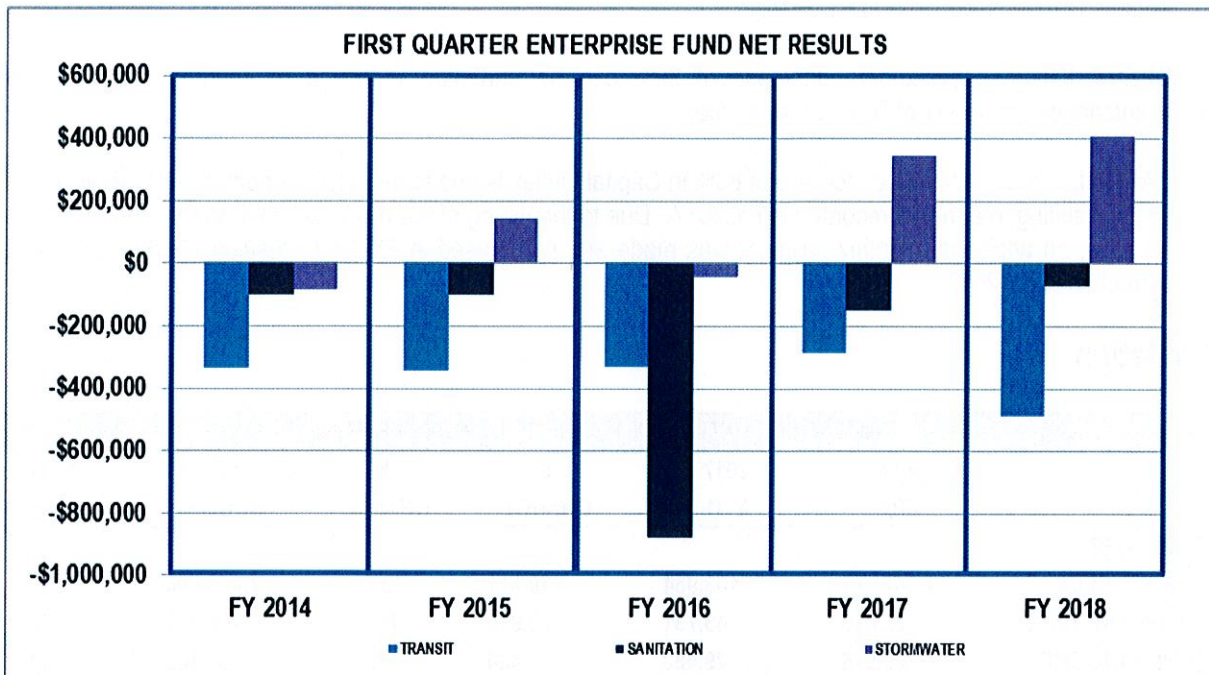
- **HUMAN RESOURCES:** The 12% decrease, year-to-date, is due to the timing of the health insurance retiree payments.

## Transfers

GENERAL FUND TRANSFERS AS OF SEPTEMBER 30, 2017					
Description	2018 YTD	2017 YTD	\$ CHANGE	2018 BUDGET	% REC/ SPENT
To Facilities Imp Fund	-	-	-	1,542,000	0%
To Transit Fund	-	-	-	603,781	0%
To Debt Service	-	-	-	4,737,002	0%
To Sheppard Library	308,242	299,265	8,978	1,232,969	25%
To Home Division	-	-	-	300,806	0%
To Street Imp	-	-	-	2,200,000	0%
<b>TOTAL</b>	<b>\$ 308,242</b>	<b>\$ 299,265</b>	<b>\$ 8,978</b>	<b>\$ 10,616,558</b>	<b>3%</b>

- **TRANSFERS:** The year-to-date increase in transfers is due to the Sheppard Memorial Library budgeted 3% increase for 2018. The total budgeted transfers are expected to be completed during the fiscal year.

# Enterprise Funds



## Transit

TRANSIT FUND SUMMARY AS OF SEPTEMBER 30, 2017						
	2018 YTD	2017 YTD	\$ CHANGE	% CHANGE	2018 BUDGET	% REC./ SPENT
<b>REVENUES</b>						
INTERGOV'T	\$ -	\$ -	\$ -	0%	\$ 1,757,197	0%
SALES AND SERVICES	59,592	61,553	(1,961)	-3%	380,014	16%
TRANSFERS IN	-	-	-	0%	603,781	0%
APPRO. FUND BAL.	-	-	-	0%	117,399	0%
<b>TOTAL REVENUES</b>	<b>\$ 59,592</b>	<b>\$ 61,553</b>	<b>\$ (1,961)</b>	<b>-3%</b>	<b>\$ 2,858,391</b>	<b>2%</b>
<b>EXPENSES</b>						
PERSONNEL	\$ 354,692	\$ 229,273	\$ 125,419	55%	\$ 1,163,282	30%
OPERATIONS	119,929	176,802	(56,873)	-32%	1,188,520	10%
CAPITAL OUTLAY	69,291	37,155	32,136	86%	506,589	14%
TRANSFERS	-	-	-	0%	-	0%
<b>TOTAL EXPENSES</b>	<b>\$ 543,912</b>	<b>\$ 443,230</b>	<b>\$ 100,682</b>	<b>23%</b>	<b>\$ 2,858,391</b>	<b>19%</b>
<b>NET</b>	<b>\$ (484,320)</b>	<b>\$ (381,677)</b>	<b>\$ (102,643)</b>	<b>-27%</b>		

The year-to-date net loss of the Transit fund has decreased by 27% when compared to prior year results. The Transit fund normally has a negative net result during this time of year, as the majority of the fund revenues are FTA



and NCDOT grant reimbursement based. However, the fund is projected to meet budget for both revenues and expenses based on the percentage spent year-to-date.

- **PERSONNEL:** The increase of 55% in Personnel is due to increased part-time and overtime salaries as well as workers compensation loss in FY 2018.
- **OPERATIONS:** Year-to-date decrease of 32% can be attributed to timing of charges associated with maintenance and repair of fleet as well as fuel.
- **CAPITAL:** The year-to-date increase of 86% in Capital Outlay is due to the overpayment of ADA Services in FY 2016, resulting in a refund recorded in FY 2017. Due to the timing of the payment made to Pitt County for these services, an additional monthly payment was made and reimbursed in FY 2016, resulting in the overpayment correction in FY 2017.

## Sanitation

SANITATION FUND SUMMARY AS OF SEPTEMBER 30, 2017						
	2018	2017	\$	%	2018	% REC./
	YTD	YTD	CHANGE	CHANGE	BUDGET	SPENT
<b>REVENUES</b>						
REFUSE FEES	1,242,475	1,103,964	138,511	13%	7,449,600	17%
SALES / SERVICES	22,818	43,731	(20,913)	-48%	100,280	23%
OTHER INCOME	29,916	29,483	434	1%	69,406	43%
<b>TOTAL REVENUES</b>	<b>\$ 1,295,209</b>	<b>\$ 1,177,177</b>	<b>\$ 118,032</b>	<b>10%</b>	<b>\$ 7,619,286</b>	<b>17%</b>
<b>EXPENSES</b>						
PERSONNEL	\$ 599,577	\$ 622,050	\$ (22,473)	-4%	\$ 3,098,675	19%
OPERATIONS	766,678	793,710	(27,032)	-3%	4,000,852	19%
CAPITAL OUTLAY	-	-	-	0%	150,000	0%
TRANSFERS OUT	-	-	-	0%	369,759	0%
<b>TOTAL EXPENSES</b>	<b>\$ 1,366,255</b>	<b>\$ 1,415,759</b>	<b>\$ (49,505)</b>	<b>-3%</b>	<b>\$ 7,619,286</b>	<b>18%</b>
<b>NET</b>	<b>\$ (71,045)</b>	<b>\$ (238,582)</b>	<b>\$ 167,537</b>	<b>-70%</b>		

The net for this fund has continued to improve since the onset of Sanitation's 5-Year plan. Please note specific variances listed below.

- **REFUSE FEES:** Year-to-date, Refuse Fees have increased by 13%, due to the increase in refuse rates.
- **SALES AND SERVICES:** The 48% decrease is due to decreased Cart and Dumpster receipts. Receipts are down due to the adoption of increased rates, causing many citizens to convert from backyard to curbside service.

## Stormwater

STORMWATER FUND SUMMARY AS OF SEPTEMBER 30, 2017						
	2018 YTD	2017 YTD	\$ CHANGE	% CHANGE	2018 BUDGET	% REC./ SPENT
<b>REVENUES</b>						
STORMWATER FEES	\$ 979,554	852,730	\$ 126,824	15%	5,928,998	17%
OTHER INCOME	111	-	111	100%	-	-
APPRO. FUND BAL.	-	-	-	-	-	0%
<b>TOTAL REVENUES</b>	<b>\$ 979,665</b>	<b>\$ 852,730</b>	<b>\$ 126,935</b>	<b>15%</b>	<b>\$ 5,928,998</b>	<b>17%</b>
<b>EXPENSES</b>						
PERSONNEL	\$ 268,841	\$ 258,594	\$ 10,247	4%	\$ 1,469,997	18%
OPERATIONS	101,137	98,848	2,289	2%	1,198,125	8%
CAPITAL OUTLAY	-	-	-	0%	299,000	0%
CAPITAL IMPROV.	99,264	50,210	49,054	98%	1,229,820	8%
TRANSFERS OUT	101,514	101,514	-	0%	1,732,056	6%
<b>TOTAL EXPENSES</b>	<b>\$ 570,756</b>	<b>\$ 509,166</b>	<b>\$ 61,590</b>	<b>12%</b>	<b>\$ 5,928,998</b>	<b>10%</b>
<b>NET</b>	<b>\$ 408,909</b>	<b>\$ 343,564</b>	<b>\$ 65,345</b>	<b>19%</b>		

- **REVENUES:** This fund has experienced an improvement in net results based on a seven year plan. This operation has implemented an annual fee increase in an effort to allow the fund to cover future expenses. The current year's increase in revenues is a result of the timing of the receipt of the Stormwater fees from GUC.
- **EXPENSES:** Stormwater expenses vary largely 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 98% increase in Capital Improvements is due to timing of capital expenses in FY 2018.