



Legislation Details (With Text)

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On agenda: 5/14/2018 **Final action:**
Title: Revenue and Expenditure Reports for the Annual and Multi-Year Funds for the Nine-Month Period Ending March 31, 2018
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Attachments: 1. Financials as of 3.31.18

| Date | Ver. | Action By | Action | Result |
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TO: Mayor and Members of City Council
THRU: Telly Whitfield, Assistant City Manager
FROM: Jay Toland, Special Assistant to the City Manager - Finance
Cheryl Spivey, Chief Financial Officer
DATE: May 14, 2018

RE:
Revenue and Expenditure Reports for the Annual and Multi-Year Funds for the Nine-Month Period Ending March 31, 2018

COUNCIL DISTRICT(S):
All

Relationship To Strategic Plan:

Mission Principle 2 - The City Government is financially sound and provides a full range of quality municipal services that are valued by our customers and delivered by a dedicated workforce in a cost effective manner focused on customer service.

Executive Summary:

The City's revenue and expenditure reports for the nine-month period ended March 31, 2018 is provided for Council's information.

Background:

The attached reports consist of annual operating reports for the General Fund and Other Operating Funds. Revenue and expenditure reports for the Multi-Year Funds are also provided. The annual operating reports provide revenue and expenditure data for the current fiscal year as of March 31, 2018 with comparative data for the same period of the prior fiscal year. The current year annual budget along with positive or negative changes between the “Actuals” columns is also provided.

The revenue and expenditure reports for the multi-year funds provide revenue and expenditure data along with a listing of current projects and project authorizations, activity from inception, encumbrances and project balances.

Issues/Analysis:

Overall, the excess in General Fund revenues over expenditures and transfers out to other funds increased \$3.1M over the previous year for the same time period. General Fund revenues are down \$4.3M, due mainly to the revaluation of property that took effect January 1, 2017 which resulted in a decrease in Ad Valorem taxes of \$2.8M and the reduction in payments from the County for district parks and recreation facilities of \$2.5M. General Fund revenues also include \$3.2M in loan proceeds for the purchase of radio equipment.

General Fund expenditures have decreased \$1.8M due in part to the purchase of property for downtown development and baseball stadium (\$2.5M) in the previous year (offset by the subsequent sale of a portion of those lots in the current year \$1.25M) offset by increases in the current year for the purchase of two fire trucks and one brush truck. Significant variances and other items of note between actuals as of March 31, 2018 as compared to March 31, 2017 are described in more detail below.

General Fund Revenues

Ad Valorem Taxes -

- Reduction in the ad valorem tax revenues on real property due to the revaluation that was effective January 1, 2017. The current year property tax levy is \$62,436,058, including the levy for Public Service and late listings. This resulted in a \$2.8M decrease from the prior year. The collection rate for both years as of March 31 are at 98.68% and 98.65% respectively.

Intergovernmental Revenues -

- Other local revenues decreased \$2.7M due to the reduction in payments from the County for district parks and recreation facilities.

General Fund Expenditures

Economic and Community Development -

- Salaries and employee benefits are down \$112,234, or 31.45% due to the Economic and Business Development Director position not funded in FY18.
- Other operating expenditures are up \$2,801,847 due mainly to the \$3 million loan approved by Council in August of 2016 to Fayetteville Metropolitan Housing Authority for the revitalization of Grove Street.

Development Services -

- Expenditures are down 5.74% overall, or \$164,506 from the prior year due primarily to the following items; decrease in purchasing of office equipment, vacancy of the Urban Designer position and decreases in other operating expenditures.

Mayor, Council and City Clerk -

- Expenditures are up 47.54% or \$241,811 from the prior year due to costs associated with primary and municipal elections.

Fire -

- Expenditures are up 5.08% or \$1,011,251 due to the purchase of two fire trucks and a brush truck.

Parks, Recreation and Maintenance -

- Expenditures are down 3.5% or \$438,054 from the prior year due to the decrease in vehicle purchases and other operating expenditures.

Police -

- Expenditures are down 4.56% or \$1,729,535 from the prior year due to the reduction in small computer and equipment purchases and the purchase of vehicles during the first nine months of the previous year.

Other Appropriations -

- Other operating expenditures are down 70.22% or \$874,834 due to the reduction in claim settlements this year in the amount of \$270,000 and insurance allocations for the year not yet recorded of \$500,000.
- Capital outlay is down \$2,451,375 due primarily to the purchase of property for the downtown development and baseball stadium in the prior year in the amount of \$2,500,000.

Other Financing Sources and Uses -

- Sales of assets are up due to the sale of the parcel of land for the downtown parking garage in the amount of \$1,250,000.
- Transfers out for the Operations portfolio increased \$2.8M or 42.58% over the previous fiscal year. The increase in transfers are to fund additional capital projects including Legend Avenue improvements in the amount of \$1.6M and transfers for Parks & Recreation for additional funding for the Cape Fear River Trail in the amount of \$620,000.
- Transfers out from Other Appropriations to the Environmental Services Fund decreased \$2,877,021 due to the increase in the Residential Solid Waste Fee.

Other Operating Fund Revenues and Expenditures

Central Business Tax District Fund -

- Interfund transfers in from the General Fund increased \$104,456 or 100% from the prior year due to additional funding required for a contract with the Cool Spring Downtown District for management of the Downtown Arts and Entertainment District services and programs.
- Other operating expenditures have increased 491.25% or \$132,274 from the prior year due to payments made on the contract during this period.

Emergency Telephone System Fund -

- Intergovernmental revenues are up 11.49% or \$54,915 due to timing differences relating to payments received from the state in the prior year.

Parking Fund -

- Paid parking revenue has increased \$3,761 or 20.28% from the prior year. In addition, parking violations revenue has increased 14.07% or \$20,511.

Risk Management Fund -

- Other revenues are up 335.16% or \$18,799 for wellness initiative reimbursements received from United Healthcare.
- Interfund transfers are down 59.23% from the prior year due to the repayment of the HOPE VI loan in FY17.
- Other operating expenditures are down \$855,130 from the prior year due primarily to a decrease in benefit payments.

Airport Fund -

- Intergovernmental revenues are up 10.45% due to the timing of recording revenue received for the quarter in the current year versus the prior year.
- Other functional revenues increased by \$125,355 or 4.04% due to overall increase in property and terminal leasing revenues.
- Transfers to other funds are down 100% from the prior year due to runway rehabilitation completed last year.

Environmental Services Fund -

- Solid waste fee revenue increased 138% or \$3,723,254 from the prior year due to the \$4 solid waste fee increase in the current year.
- Intergovernmental revenues are down 42.84% due to the timing of recording revenue received for the quarter in the current year versus the prior year.
- Capital outlay expenditures are down in the current year \$874,644 or 100% due to significant vehicle purchases made in the prior year.

Stormwater Fund -

- Stormwater fee revenue increased 14.79% or \$1,012,501 from the prior year. Increase is due to \$0.50 stormwater fee increase in the current year.
- Capital outlay expenditures have increased 100% or \$57,734 due to an increase in FEMA reimbursable vehicle purchases made in the current year.

Transit Fund -

- Contract revenue is down 62.29% or \$112,606 from the prior year due to a delay with the revised contract with Fayetteville State.
- Miscellaneous revenue is up 51.57% or \$28,274 due to an increase in auction proceeds for the current year.

Budget Impact:

See attached reports.

Options:

Not applicable.

Recommended Action:

For information only.

Attachments:

Revenue and Expenditure Reports for the Annual and Multi-Year Funds for the nine-month period ended March 31, 2018.