



Legislation Text

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TO: Mayor and Members of City Council

THRU: Telly Whitfield, Assistant City Manager

FROM: Jay Toland, Special Assistant to City Manager
Cheryl Spivey, Chief Financial Officer

DATE: March 19, 2018

RE:
Revenue and Expenditure Reports for the Annual and Multi-Year Funds for the six-month period ending December 31, 2017

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 six-month period ended December 31, 2017 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 December 31, 2017 with comparison 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 decreased \$6.9M from the previous year for the same time period. General Fund revenues are down \$3.5M, due mainly to the revaluation of property that took effect January 1, 2017 which resulted in a decrease in Ad Valorem taxes. General Fund expenditures have increased \$1.6M due to a \$3M loan to the Fayetteville Metropolitan Housing Authority for the Grove View Terrace revitalization project, offset by decreases in other operating expenditures for the first 6 months. Transfers out to fund capital projects and improvements increased \$1.7M over the same time period of the previous fiscal year due to a \$1.6M budgeted for Legend Avenue improvements. Significant variances and other items of note between actuals as of December 31, 2017 as compared to December 31, 2016 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 \$62,434,933, including the levy for Public Service and late listings. This resulted in a \$2.6M decrease from the prior year. In addition, collections on the current year levy are at 74% as of December 31, 2017 versus a 77% collection rate for the prior fiscal year. The resulting decrease in the tax collection rate for the first six months of the year, coupled with the reduction in the current year tax levy has resulted in an overall decrease in revenues of approximately \$4M as of December 31, 2017.

Intergovernmental Revenues -

- Federal and State revenues increased approximately \$450,000 due to payments received in the current fiscal year for FEMA related expenditures.
- Other local revenues decreased \$1.1M due to overpayments by the County in the previous fiscal year for improvements at district parks and recreation facilities repaid in a subsequent period.

General Fund Expenditures

Economic and Community Development -

- Salaries and employee benefits are down \$87,000, or 36.21% due to the Economic and Business Development Director position not funded in FY18.
- Other operating expenditures are up \$2,843,064 due mainly to \$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 8.20% overall, or \$165,116, from the prior year due primarily to the following items; decrease in the purchasing of office equipment, vacancy of the Urban Designer position and decreases in other operating expenditures.

Finance -

- Expenditures are down 17.56% or \$198,194 due to the reduction in FEMA related contracted

services in the prior year.

Information Technology -

- Expenditures are down 9.41% or \$250,228 from the prior year due to decrease in maintenance, and other contracted services.

Mayor, Council and City Clerk -

- Expenditures are up 61.66% or \$231,956 from the prior year due costs associated with primary and municipal elections.

Fire -

- Expenditures are up 7.17% or \$987,811 due to the purchase of two fire trucks and a brush truck.

Parks, Recreation and Maintenance -

- Expenditures are down 2.55% or \$219,685 from the prior year due to the decrease in motor vehicle purchases.

Police -

- Expenditures are down 5.68% or \$1,471,461 due to the reduction in small computer and equipment purchases and the purchase of vehicles during the first six months of the previous year.

Other Appropriations -

- Other operating expenditures are down 74.31% or \$795,704 due to a reduction in claim settlements this year in the amount of \$270,000, and insurance allocations for the year not yet recorded of \$500,000.
- Debt service has increased 19.55%, or \$436,000, due primarily to the onset of the 2017 vehicle financing.

Other Financing Uses -

- Transfers out from the Operations portfolio increased \$2.7M or 43.9% 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.

Other Operating Fund Revenues and Expenditures

Central Business Tax District Fund -

- Interfund transfers in from the General Fund increased \$69,637 or 100% from 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.
- Expenditures have increased 505.50% or \$84,545 from prior year due payments made on the contract during this period.

Emergency Telephone System Fund -

- Intergovernmental revenues are up 21.94% or \$59,927 due to timing variance of payment received from state in prior year.

Parking Fund -

- Paid parking revenue has increased \$3,761 or 20.28% from prior year. In addition, parking violations revenue has also increased 21.88% or \$19,243 from prior year.

Risk Management Funds -

- Interfund charges are down \$970,216, or 11.38%, due to a reduction in claim settlements and the allocation of property/liability insurance not yet recorded.
- Interfund transfers consist of loan re-payments from other City funds. These transfers are down 70.56%, or \$437,329, due to the loan for Hope VI being fully repaid in the prior year.
- Other operating expenditures are down \$861,057 from the prior year due primarily to a decrease in benefit payments.

Airport Fund -

- Other functional revenues increased by \$58,917 or 2.82% due to overall increase in property and terminal leasing revenues.
- Other operating expenditures have increased 29.94% or \$287,493 in the current year due to FEMA reimbursable erosion repair needed due to Hurricane Matthew, as well as non-FEMA reimbursable storm drain improvements required due to flood damage.

Environmental Services Fund -

- Solid waste fee revenue increased 138.04% or \$3,716,995 from prior year. Increase is due to \$4 solid waste fee increase in the current year.
- Capital outlay expenditures are down in the current year \$823,801 or 100% due to significant vehicle purchases made in the prior year.
- Other operating expenditures are down \$842,921 or 23.66% in the current year due to FEMA funded debris removal expenditures in the prior year required due to Hurricane Matthew.

Stormwater Fund -

- Stormwater fee revenue increased 14.78% or \$1,010,799 from prior year. Increase is due to \$0.50 stormwater fee increase in the current year.
- Operating and capital outlay expenditures have increased 26.63% or \$169,344 due to an increase in fleet maintenance costs and FEMA reimbursable vehicle purchases made in the current year.
- Transfers made to the stormwater capital project fund have increased \$3,096,638 or 813.83% in the current year due to the fact that the budgeted transfer in the prior year of \$2,423,274 was not made in the same 6-month period due to the audit completion and bond certificate filing.

Transit Fund -

- State Maintenance Assistance Program (SMAP) revenues are down \$187,401 from this same time last year due to a one-time increase in state funds that were allocated in the previous year.
- Contract Revenue is down 61.85% or \$74,478 from the prior year due to the revised contract with Fayetteville State not yet executed as of December 31st. Billing will resume this next period.

- Transfers from the General Fund increased \$284,000 for the first six months over last year due to an increase in projected operating costs with the opening of the new FAST Transit center.

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 six-month period ended December 31, 2017