



# FY 2011-2012

## **3<sup>rd</sup> Quarter Financial Report** (Quarter Ending 3/31/2012)

**May 24, 2012**

***Finance and Budget & Management Services***



# General Fund (Exhibit 1)

# General Fund



- Revenues are **up** \$3.0 million (1.8%) from same period last year.
- Expenditures **down** \$0.9 million (0.6%).

## Revenues – year-to-date:

- Property taxes **up** \$2.4 million (1.9%) – tax rate and collection rate increases.
- Permits **up** \$0.3 million (10.1%) – increases in building and electrical permits.
- Other intergovernmental **down** \$1.2 million (43.0%) – State: Winter Relief; County: Radio Maintenance, Planning Reimbursement .
- Sales taxes **up** \$1.2 million (7.7%).



# Property Taxes

- Collections through April 30<sup>th</sup>:
- 2012: \$128,117,202 (97.70% of current levy)
- 2011: \$126,169,408 (97.49% of current levy)
- 2010: \$120,676,322 (97.20% of current levy)
- FY11/FY12 increase: +1.5%



# Sales Taxes

- Three consecutive months of positive results.
- Six months year-to-date: **Up** \$1.2 million (7.7%)
- Seven months year-to-date: **Up** \$1.9 million (10.6%).
- End-of-year estimate: **Up** \$2.7 million (8.3%).

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CITY OF MEDICINE

# General Fund - Revenues

**REVENUES**

	<b>FY 2012 ADJUSTED BUDGET</b>	<b>ACTIVITY THROUGH MAR 2012</b>	<b>PROJECTION THROUGH YEAR END</b>	<b>VARIANCE TO FINAL BUDGET- POSITIVE (NEGATIVE)</b>
Property taxes	\$ 102,395,809	\$ 112,607,264	\$ 102,318,102	\$ (77,707)
Sales taxes	34,820,268	16,643,171	34,958,359	138,091
Hotel/Motel Occupancy tax	1,550,000	1,056,708	1,560,000	10,000
Other local taxes	307,715	215,106	278,661	(29,054)
Licenses	2,755,931	2,392,146	2,771,733	15,802
Permits	3,670,135	2,758,460	3,776,016	105,881
Utility franchise tax	12,961,402	9,896,225	12,376,663	(584,739)
Powell bill	5,574,000	5,703,259	5,703,259	129,259
Other intergovernmental revenues	3,661,621	1,587,949	3,474,517	(187,104)
Investment and rental income	549,412	270,370	345,630	(203,782)
Charges for services	6,604,275	5,258,809	6,812,251	207,976
Intragovernmental services	864,000	594,740	893,078	88,658
Assessments	150,000	17,503	95,850	(54,150)
Sale of property and miscellaneous	753,780	952,658	952,658	198,878
<b>Total revenues</b>	<b>176,618,348</b>	<b>159,954,368</b>	<b>176,316,777</b>	<b>(241,991)</b>

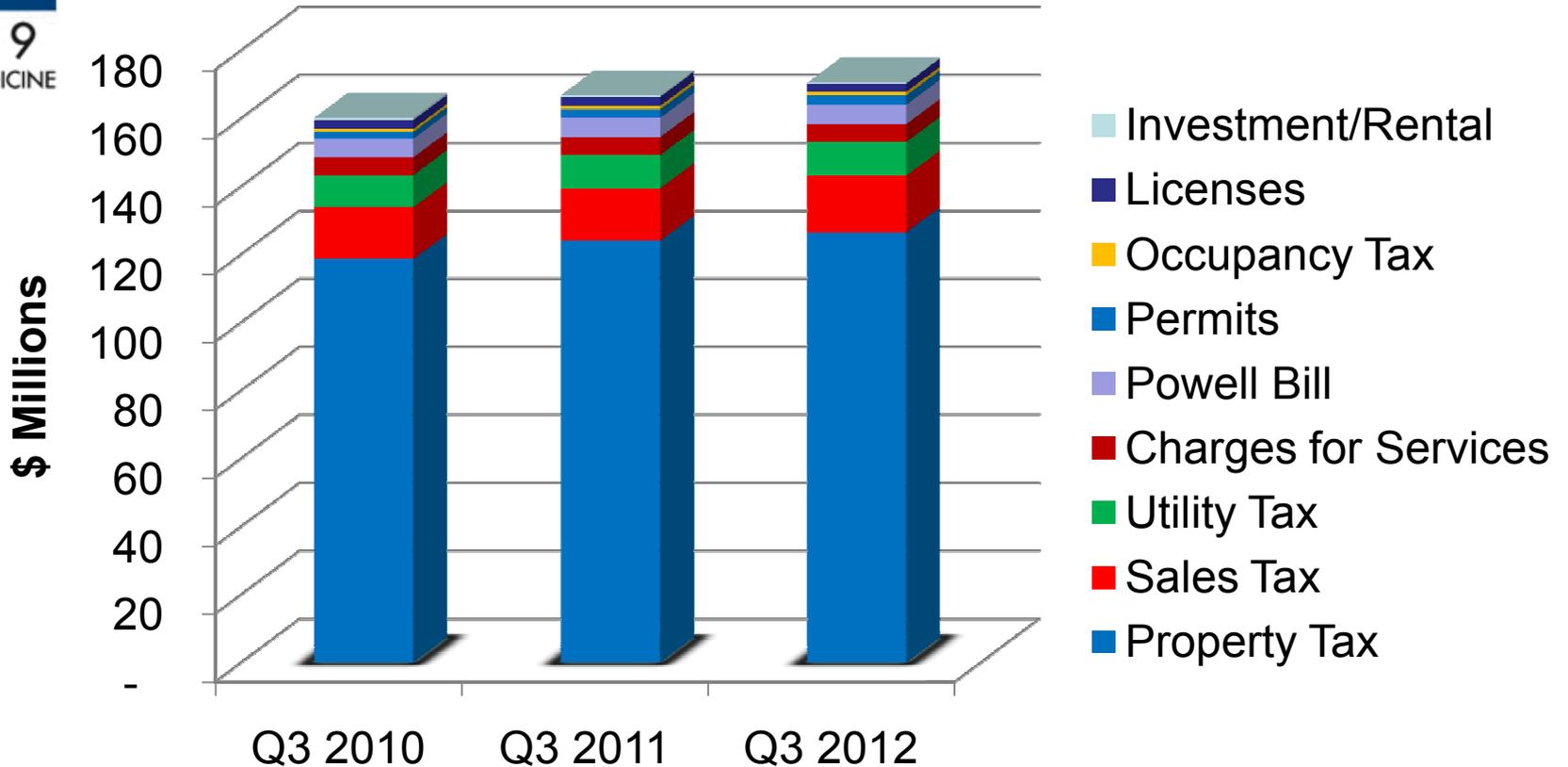


# General Fund – Revenues

	FY 2012 ADJUSTED BUDGET	ACTIVITY THROUGH MAR 2012	PROJECTION THROUGH YEAR END	VARIANCE TO FINAL BUDGET- POSITIVE (NEGATIVE)
<b>REVENUES</b>				
<b>OTHER FINANCING SOURCES</b>				
Transfer from other funds	690,828	637,877	690,828	-
Debt refunding	-	-	-	-
Transfer from reserves	3,387,964	-	3,387,964	-
Appropriation from fund balance	3,784,705	-	3,070,135	(714,570)
Total other financing sources	<u>7,863,497</u>	<u>637,877</u>	<u>7,148,927</u>	<u>(714,570)</u>
Total revenues and other financing sources	<u>\$ 184,481,845</u>	<u>\$ 160,592,245</u>	<u>\$ 183,465,704</u>	<u>\$ (956,561)</u>



# Revenue Summary





# General Fund - Expenditures

- Operations spending projected at \$1.0 million less than budgeted at year end.
  - Personnel costs over budget by \$0.8 million or 0.7%.
  - Operating costs under budget by \$1.6 million or 4.4%.
- By year end, other than Police, no department is currently projected to exceed budget.
- Police shortfall to be covered by savings in other departments.
- OEWD savings related to “downtown fund” expenditures.



# General Fund - Expenditures

DEPARTMENT	FY 2012 ADJUSTED BUDGET	ACTIVITY THROUGH MARCH 2012	ENCUM- BRANCE BALANCE	PROJECTION THROUGH YEAR END	VARIANCE TO FINAL BUDGET- POSITIVE (NEGATIVE)
Audit Services	\$ 565,794	\$ 463,214	\$ 180	\$ 565,794	\$ -
Budget & Management Services	1,146,742	900,259	13,227	1,146,742	-
City Attorney	1,542,110	1,158,443	34,730	1,542,110	-
City Clerk	605,511	448,887	2,211	605,511	-
City Council	881,126	564,993	3,753	805,718	75,408
City Manager/One Call/Public Affairs	2,990,152	2,247,669	30,904	2,990,152	-
City/County Inspections	3,151,484	2,367,987	14,088	3,151,484	-
City/County Planning	2,933,357	2,162,257	5,977	2,933,357	-
Economic & Workforce Development	5,067,288	2,376,844	1,245,126	4,262,288	805,000
Emergency Communications	4,637,879	3,466,420	49,613	4,622,684	15,195
Emergency Management	182,918	140,940		182,918	-
Equal Opportunity-Equity Assurance	544,615	418,526	8,686	544,615	-



# General Fund - Expenditures

<b>DEPARTMENT</b>	<b>FY 2012 ADJUSTED BUDGET</b>	<b>ACTIVITY THROUGH MARCH 2012</b>	<b>ENCUM- BRANCE BALANCE</b>	<b>PROJECTION THROUGH YEAR END</b>	<b>VARIANCE TO FINAL BUDGET- POSITIVE (NEGATIVE)</b>
Finance	5,735,681	4,450,734	71,900	5,735,051	630
Fire	22,920,446	17,417,268	202,779	22,876,138	44,308
Fleet Maintenance	4,015,275	2,897,375	117,674	3,938,298	76,977
General Services	12,366,979	8,295,220	1,204,583	12,088,038	278,941
Housing & Community Development	1,928,829	1,155,826	154,966	1,773,854	154,975
Human Relations	-	-	-	-	-
Human Resources	1,675,244	1,227,407	25,407	1,649,224	26,020
Neighborhood Improvement Service	3,411,957	2,412,958	92,568	3,411,957	-
Parks & Recreation	11,176,078	7,339,496	507,596	11,026,832	149,246
Police	49,492,438	38,007,850	553,110	50,560,468	(1,068,030)
Public Works	7,045,115	5,412,465	161,750	7,045,115	-
Technology Solutions	6,187,413	4,322,124	460,847	5,970,459	216,954
Transportation	6,853,828	5,093,147	125,732	6,781,120	72,708



# General Fund - Expenditures

	FY 2012 ADJUSTED BUDGET	ACTIVITY THROUGH MARCH 2012	ENCUM- BRANCE BALANCE	PROJECTION THROUGH YEAR END	VARIANCE TO FINAL BUDGET- POSITIVE (NEGATIVE)
NonDepartmental	9,097,004	7,646,150	219,092	8,990,331	106,673
Indirect Cost	(7,031,464)	(3,515,732)	-	(7,031,464)	-
Debt Service	410,000	44,309	-	410,000	-
Transfer	24,948,046	24,946,490	-	24,946,490	1,556
Total	184,481,845	143,869,526	5,306,499	183,525,284	956,561

## CLASS

Personal services	\$ 122,191,399	93,361,519	\$ 122,912	\$ 123,019,653	\$ (828,254)
Operating expenditures	36,265,270	25,423,063	5,036,207	34,682,934	1,582,336
Capital outlay	422,330	94,145	147,380	404,581	17,749
Appropriation not authorized for expenditures	244,800	-	-	61,626	183,174
Debt service	410,000	44,309	-	410,000	-
Transfers out	24,948,046	24,946,490	-	24,946,490	1,556
Total	184,481,845	143,869,526	5,306,499	183,525,284	956,561



# General Fund - Summary

At 3/31 With Conservative Projections:

- Expected Revenues Shortfall = \$241,000
- Expected Expenditures Savings = \$946,000

**Net = +\$715,000\***

\*assigned to downtown fund



# Debt Service Fund

- Planned January GO Bond issuance delayed to next fiscal year (July) – Saves \$850,000.
- Low interest earnings environment.
- Low borrowing costs expected to continue.
- Can take advantage of 2/3 bond capacity in FY13.
- Interest savings on variable rate debt – \$400,000.
- Roll \$1.25 million to Fund Balance to buy down tax rate in future years.



# Debt Service Fund - Revenues

	<u>Adjusted Budget</u>	<u>Actual</u>	<u>Year-End Projection</u>	<u>Year-End Positive/ (Negative)</u>
<b>Revenues</b>				
Property Taxes	\$ <u>29,019,418</u>	\$ <u>13,900,556</u>	\$ <u>29,019,418</u>	\$ <u>-</u>
<b>Non-operating revenues</b>				
Intergovernmental (Subsidy)	692,520	692,520	692,520	-
Investment Income	49,625	44,370	48,000	(1,625)
Appropriations from fund balance	3,685,907	-	3,685,907	-
Transfers from Other Funds	<u>3,730,833</u>	<u>3,730,833</u>	<u>3,730,833</u>	<u>-</u>
Total Non-operating revenues	<u>8,158,885</u>	<u>4,467,723</u>	<u>8,157,260</u>	<u>(1,625)</u>
Total revenues	\$ <u><u>37,178,303</u></u>	\$ <u><u>18,368,279</u></u>	\$ <u><u>37,176,678</u></u>	\$ <u><u>(1,625)</u></u>



# Debt Service Fund - Expenditures

	<u>Adjusted Budget</u>	<u>Actual</u>	<u>Year-End Projection</u>	<u>Year-End Positive/ (Negative)</u>
Expenditures				
Debt service principal	22,680,413	10,803,628	22,680,413	-
Debt service interest	12,010,230	7,564,651	10,750,000	1,260,230
Transfer to Fund Balance	<u>2,487,660</u>	<u>-</u>	<u>3,746,265</u>	<u>(1,258,605)</u>
Total expenditures	\$ <u><u>37,178,303</u></u>	\$ <u><u>18,368,279</u></u>	\$ <u><u>37,176,678</u></u>	\$ <u><u>1,625</u></u>



# Enterprise Funds (Exhibit 2)



# Water & Sewer Fund

- Consumption billed for first nine months of year virtually flat vs. FY 11.
- Operating revenues expected to end the year at 98% of budget.
- Operating expenses expected to end the year at 96%.
- Debt service savings due to decreased sizing of bond issue last year.



# Water & Sewer Fund - Revenues

	<u>Adjusted Budget</u>	<u>Actual</u>	<u>Year-End Projection</u>	<u>Year-End Positive/ (Negative)</u>
<b>Revenues</b>				
Operating revenues	\$ 77,878,103	\$ 58,919,014	\$ 76,897,259	\$ (980,844)
Permits	<u>45,500</u>	<u>49,900</u>	<u>63,133</u>	<u>17,633</u>
Total operating revenues	<u>77,923,603</u>	<u>58,968,914</u>	<u>76,960,392</u>	<u>(963,211)</u>
<b>Non-operating revenues</b>				
Miscellaneous	2,050,028	1,849,844	2,306,497	256,469
Investment Income	225,469	223,216	250,527	25,058
Operating transfers from other funds	319,595	319,595	319,595	-
Transfer from reserves	1,815,110	-	1,343,987	(471,123)
Appropriation from fund balance	<u>1,498,727</u>	<u>-</u>	<u>-</u>	<u>(1,498,727)</u>
Total Non-operating revenues	<u>5,908,929</u>	<u>2,392,655</u>	<u>4,220,606</u>	<u>(1,688,323)</u>
Total revenues	<u>\$ 83,832,532</u>	<u>\$ 61,361,569</u>	<u>\$ 81,180,998</u>	<u>\$ (2,651,534)</u>



# Water & Sewer Fund – Expenses

	<u>Adjusted Budget</u>	<u>Actual</u>	<u>Year-End Projection</u>	<u>Year-End Positive/ (Negative)</u>
Expenditures				
Personal Services	\$ 23,224,407	\$ 16,937,998	\$ 22,248,742	\$ 975,665
Operating expenditures	24,362,057	15,294,324	23,598,807	763,250
Non-departmental administration	5,797,679	2,898,840	5,797,679	-
Capital outlay	217,330	74,366	212,502	4,828
Debt service principal and interest	19,914,003	11,028,390	19,006,212	907,791
Operating transfers to other funds	<u>10,317,056</u>	<u>6,357,055</u>	<u>10,317,056</u>	<u>-</u>
 Total expenditures	 \$ <u>83,832,532</u>	 \$ <u>52,590,973</u>	 \$ <u>81,180,998</u>	 \$ <u>2,651,534</u>



# Transit Operations Fund

- Transit Fund is running behind budget expectations due to higher fuel prices and lower state grant revenues.
- Current shortfall of \$392,054.
- May be able to use existing grant funds to cover some of the shortfall – remainder may need to come from other sources.
- Tax of 3.23 cents per \$100 or \$7.5M approved in FY12 to cover Transit.



# Transit Operations Fund - Revenues

	<u>Adjusted Budget</u>	<u>Actual</u>	<u>Year-End Projection</u>	<u>Year-End Positive/ (Negative)</u>
<b>Revenues</b>				
Operating revenues	\$ <u>3,280,717</u>	\$ <u>2,112,607</u>	\$ <u>3,413,911</u>	\$ <u>133,194</u>
<b>Non-operating revenues</b>				
Non-operating revenues	4,679,740	3,928,745	4,438,788	(240,952)
Operating transfers from other funds	7,709,905	7,709,905	7,709,905	-
Transfer from reserves	<u>250,134</u>	<u>-</u>	<u>250,134</u>	<u>-</u>
Total Non-operating revenues	<u>12,639,779</u>	<u>11,638,650</u>	<u>12,398,827</u>	<u>(240,952)</u>
Total revenues	\$ <u><u>15,920,496</u></u>	\$ <u><u>13,751,257</u></u>	\$ <u><u>15,812,738</u></u>	\$ <u><u>(107,758)</u></u>



# Transit Operations Fund – Expenses

	<u>Adjusted Budget</u>	<u>Actual</u>	<u>Year-End Projection</u>	<u>Year-End Positive/ (Negative)</u>
Expenditures				
Operating expenditures	\$ 14,026,954	\$ 11,479,384	\$ 14,454,385	\$ (427,431)
Non-departmental administration	216,300	108,150	216,300	-
Debt service principal and interest	223,173	223,173	223,173	-
Operating transfers to other funds	<u>1,454,069</u>	<u>1,303,780</u>	<u>1,310,934</u>	<u>143,135</u>
Total expenditures	<u>\$ 15,920,496</u>	<u>\$ 13,114,487</u>	<u>\$ 16,204,792</u>	<u>\$ (284,296)</u>
Revenues less Expenditures			(392,054)	



# Solid Waste Fund

- Solid Waste Fund still affected by lower tipping fees, and higher costs related to fuel, vehicle maintenance and cart management.
- Recycling revenues and personnel cost savings have closed gap \$150k from Q2.
- Continuing to look for cost savings within the Department and throughout the City to cover any remaining shortfalls.



# Solid Waste Fund - Revenues

	<u>Adjusted Budget</u>	<u>Actual</u>	<u>Year-End Projection</u>	<u>Year-End Positive/ (Negative)</u>
Revenues				
Operating revenues	\$ <u>8,587,975</u>	\$ <u>5,386,978</u>	\$ <u>8,429,617</u>	\$ <u>(158,358)</u>
Non-operating revenues				
Investment Income	29,597	21,159	28,243	(1,354)
Miscellaneous	150,725	123,821	150,725	-
Operating transfers from other funds	12,506,477	12,506,477	12,506,477	-
Transfer from reserves	<u>321,056</u>	-	<u>321,056</u>	-
Total Non-operating revenues	<u>13,007,855</u>	<u>12,651,457</u>	<u>13,006,501</u>	<u>(1,354)</u>
Total revenues	\$ <u><u>21,595,830</u></u>	\$ <u><u>18,038,435</u></u>	\$ <u><u>21,436,118</u></u>	\$ <u><u>(159,712)</u></u>



# Solid Waste Fund - Expenses

	<u>Adjusted Budget</u>	<u>Actual</u>	<u>Year-End Projection</u>	<u>Year-End Positive/ (Negative)</u>
Expenditures				
Personal Services	\$ 6,412,549	\$ 4,647,903	\$ 6,113,910	\$ 298,639
Operating expenditures	12,385,744	8,392,150	12,838,675	(452,931)
Non-departmental administration	153,670	76,835	153,670	-
Debt service principal and interest	<u>2,643,867</u>	<u>1,240,204</u>	<u>2,643,867</u>	<u>-</u>
Total expenditures	\$ <u>21,595,830</u>	\$ <u>14,357,091</u>	\$ <u>21,750,122</u>	\$ <u>(154,292)</u>
Revenues less Expenditures			(314,004)	



# Other Enterprise Funds

- **Stormwater Fund** is projected to end the year \$475,000 ahead due to lower personnel costs.
- **Water & Sewer Capital Facility Fee** revenues are 107%, up \$700,000 by year-end.
- **Ballpark Fund** activities are seasonal. Third quarter projections are off slightly from budget.
- **Performing Arts Center (DPAC) Fund** showing a decline in ticket facility fees to be more than offset by higher than budgeted share of operating profits.



# Stormwater Fund - Revenues

	<u>Adjusted Budget</u>	<u>Actual</u>	<u>Year-End Projection</u>	<u>Year-End Positive/ (Negative)</u>
Revenues				
Operating revenues	\$ <u>10,941,873</u>	\$ <u>9,375,353</u>	\$ <u>11,026,466</u>	\$ <u>84,593</u>
Non-operating revenues				
Miscellaneous	-	13,911	16,874	16,874
Investment Income	11,551	10,977	13,364	1,813
Operating transfers from other funds	232,047	232,047	232,047	-
Transfer from reserves	245,288	-	176,121	(69,167)
Appropriation from fund balance	<u>511,222</u>	<u>-</u>	<u>-</u>	<u>(511,222)</u>
Total Non-operating revenues	<u>1,000,108</u>	<u>256,935</u>	<u>438,406</u>	<u>(561,702)</u>
Total revenues	\$ <u><u>11,941,981</u></u>	\$ <u><u>9,632,287</u></u>	\$ <u><u>11,464,872</u></u>	\$ <u><u>(477,109)</u></u>



# Stormwater Fund - Expenditures

	<u>Adjusted Budget</u>	<u>Actual</u>	<u>Year-End Projection</u>	<u>Year-End Positive/ (Negative)</u>
Expenditures				
Personal Services	\$ 6,334,200	\$ 4,460,702	\$ 5,883,580	\$ 450,620
Operating expenditures	2,344,337	1,415,716	2,351,668	(7,331)
Non-departmental administration	674,847	337,423	674,847	-
Capital outlay	147,351	13,269	113,531	33,820
Operating transfers to other funds	<u>2,441,246</u>	<u>2,441,246</u>	<u>2,441,246</u>	<u>-</u>
 Total expenditures	 <u>\$ 11,941,981</u>	 <u>\$ 8,668,356</u>	 <u>\$ 11,464,872</u>	 <u>\$ 477,109</u>



# Ballpark Fund – Revenues

	<u>Adjusted Budget</u>	<u>Actual</u>	<u>Year-End Projection</u>	<u>Year-End Positive/ (Negative)</u>
Revenues				
Operating revenues	\$ <u>482,947</u>	\$ <u>357,968</u>	\$ <u>440,771</u>	\$ <u>(42,176)</u>
Non-operating revenues				
Non-operating revenues	205,000	151,310	242,521	37,521
Investment Income	4,206	1,629	2,937	(1,269)
Operating transfers from other funds	1,391,020	1,391,020	1,391,020	-
Transfer from reserves	<u>114,771</u>	<u>-</u>	<u>89,864</u>	<u>(24,907)</u>
Total Non-operating revenues	<u>1,714,997</u>	<u>1,543,959</u>	<u>1,726,342</u>	<u>11,345</u>
Total revenues	<u>\$ 2,197,944</u>	<u>\$ 1,901,927</u>	<u>\$ 2,167,113</u>	<u>\$ (30,831)</u>



# Ballpark Fund – Expenditures

	<u>Adjusted Budget</u>	<u>Actual</u>	<u>Year-End Projection</u>	<u>Year-End Positive/ (Negative)</u>
Expenditures				
Personal Services	\$ 111,363	\$ 88,316	\$ 115,773	\$ (4,410)
Operating expenditures	778,062	430,411	742,821	35,241
Non-departmental administration	97,218	48,609	97,218	-
Debt service principal and interest	902,443	879,818	902,443	-
Operating transfers to other funds	<u>308,858</u>	<u>308,858</u>	<u>308,858</u>	<u>-</u>
Total expenditures	<u>\$ 2,197,944</u>	<u>\$ 1,756,011</u>	<u>\$ 2,167,113</u>	<u>\$ 30,831</u>



# DPAC – Revenues

	<u>Adjusted Budget</u>	<u>Actual</u>	<u>Year-End Projection</u>	<u>Year-End Positive/ (Negative)</u>
Revenues				
Operating revenues	\$ 700,000	\$ -	\$ 877,286	\$ 177,286
Non-operating revenues				
Taxes	1,250,000	944,070	1,250,000	-
Naming rights	375,000	381,000	381,000	6,000
Ticket facility fee	543,009	315,913	450,000	(93,009)
Investment Income	4,113	1,854	4,087	(26)
Operating transfers from other funds	100,000	100,000	100,000	-
Transfer from reserves	5,150	-	5,150	-
Appropriation from fund balance	<u>174,023</u>	<u>-</u>	<u>83,772</u>	<u>(90,251)</u>
Total Non-operating revenues	<u>2,451,295</u>	<u>1,742,837</u>	<u>2,274,009</u>	<u>(177,286)</u>
Total revenues	<u>\$ 3,151,295</u>	<u>\$ 1,742,837</u>	<u>\$ 3,151,295</u>	<u>\$ -</u>



# DPAC – Expenditures

	<u>Adjusted Budget</u>	<u>Actual</u>	<u>Year-End Projection</u>	<u>Year-End Positive/ (Negative)</u>
Expenditures				
Operating expenditures	\$ 118,676	\$ 111,219	\$ 118,676	\$ -
Debt service principal and interest	2,489,610	884,805	2,489,610	-
Operating transfers to other funds	<u>543,009</u>	<u>543,009</u>	<u>543,009</u>	<u>-</u>
Total expenditures	<u>\$ 3,151,295</u>	<u>\$ 1,539,033</u>	<u>\$ 3,151,295</u>	<u>\$ -</u>



# Economic Outlook - National

## Consumer Price Index:

- Increased 0.3 percent from February to March
- 2.7 percent higher in last 12 months
- Gasoline and food prices continue to rise

(Source: Bureau of Labor Statistics)

## Consumer Confidence:

- At 70.2 in March, down from 71.6 in February
- Reading above 90 would signal a stabilized consumer

(Source: Conference Board)

## Gross Domestic Product :

- Jan – Mar 2012 GDP grew at an annualized 2.2 percent rate after increasing 3.0 percent Oct – Dec
- Positive contributions from personal expenditures and exports, partly offset by negative contribution from federal govt. spending

(Source: Bureau of Economic Analysis)



# Economic Outlook – North Carolina

## Index of NC Leading Economic Indicators:

- Forecast of state economy's direction four to six months ahead declined slightly in Mar from Feb
- Index is suggesting growth will continue in NC in coming months
- Well above low points of recession

(Source: NC State University)

## Employment:

- State unemployment rate fell to 9.7 percent in Mar from 9.9 percent in Feb
- Rate was 10.4 percent in Mar last year

(Source: Employment Security Commission of NC)



# Economic Outlook - Durham

## Construction:

- City fiscal YTD (July – Mar) total construction valuation decreased to \$438.1 million from \$568.1 million last year – fewer larger projects – more smaller projects.

(Source: City Inspections Department)

## Foreclosures:

- 42 properties are being foreclosed
- Down from 44 in February

(Source: NC Administrative Office of the Courts; RealtyTrac)

## Employment:

- City unemployment rate fell to 6.9 percent in Mar from 7.2 percent in Feb
- Rate was 7.5 percent in Mar last year
- County unemployment rate at 7.6 percent in Mar

(Source: Employment Security Commission of NC)

# Conclusion



- General Fund --- Revenues tracking close to budget – operating cost savings balancing overages in personnel costs.
- Water/Sewer looking good – fuel costs causing challenges in Transit and Solid Waste.
- Mixed economic news points to continuing slow growth.