



01/27/15

**TO:** Jim Westmoreland, City Manager

**FROM:** Larry Davis, Budget and Evaluation Director  
Rick Lusk, Finance Director

**SUBJECT:** Six Month Budget Update

#### GENERAL FUND

The FY 14-15 General Fund revised budget is \$263.09 million, with revenue of \$150.62 million and expenditures of \$130.82 million through the six months ended December 31, 2014.

Through year-end June 30, 2015, revenues are currently projected to range from \$253.70 million to \$255.20 million and expenditures to range from \$253.80 million to \$254.80 million, with an estimated impact on fund balance ranging from a use of fund balance of (\$1.10 million) to a savings of \$1.40 million (see attached financial statement).

#### REVENUES

Based on performance during the first six months of the FY 14-15 fiscal year, General Fund revenues in total are projected to equal budgeted revenue at year end. Below are some notes regarding current year revenue:

	Revised FY 14-15 Budget (in millions)	Year End Projection (in millions)
Property Tax	\$149.73	\$149.94
Utility Tax	\$18.80	\$19.39
Privilege License Tax	\$2.99	\$2.86

Property tax revenue collections through December are projected to slightly exceed budgeted revenue of \$149.73 million.

Utility sales tax revenue is projected to exceed budgeted revenue of \$18.80 million by \$590,000.

Privilege license tax revenue is projected to be slightly below budgeted revenue of \$2.99 million, at \$2.86 million. However, due to legislative repeal no revenue from this source will be budgeted in future years barring any legislature relief.

	Revised FY 14-15 Budget (in millions)	Year End Projection (in millions)
Sales Tax	\$42.53	\$43.25
ABC Revenue	\$4.37	\$4.51
Waste/Trash Collection Fees	\$5.40	\$5.09

Sales tax revenue collections are expected to exceed budgeted revenue of \$42.53 million by \$720,000, as economic conditions continue to improve in FY14-15, a 6.1% increase over the prior year.

ABC Revenue/Beer & Wine Tax revenue is projected to exceed budgeted revenue of \$4.37 million by \$140,000. Local ABC Board distributions are expected to increase by 6% over the prior year to \$3.28 million, with the State distribution of Beer & Wine Tax revenue expected to increase by 2% to \$1.23 million.

Waste/Trash Collection revenue is not expected to meet budgeted revenue of \$5.40 million and year end revenue is currently projected at \$5.09 million. The commercial refuse and recycling customer base continues to decline and customers have also reduced their use of services offered.

Other Revenue – All other revenue not specifically highlighted here totals budgeted revenue of \$21.83 million and primarily represents department user fees and admissions, including building permits, internal service charges to other funds and the County's library contribution, which are expected to meet budgeted amounts.

Transfer from Other Funds – The adopted General Fund budget included transfers of \$6.94 million, with \$5.85 million from the Powell Bill Fund, \$720,000 from the Street Improvement Bond Fund, \$321,000 from the Special Tax Districts Fund and \$53,000 from the Network Services Fund, all of which will be received by year end.

## EXPENDITURES

	Revised FY 14-15 Budget (in millions)	Year End Projection (in millions)
Personnel Costs	\$159.48	\$156.98
Maintenance and Operations	\$75.31	\$69.04
Transfers to Other Funds	\$28.03	\$28.03
Capital Outlay	\$0.27	\$0.27
Total	\$263.09	\$254.32

Based on performance during the first six months of the FY 14-15 fiscal year, expenditures in General Fund are projected to be within the revised budget at year end. Below are some notes regarding particular expenditure types.

Personnel – Total personnel costs for the first half of the year are \$81.18 million, about \$2.5 million (3.2%) higher than last year. The projected personnel costs for FY 14-15 of \$156.98 are within the revised current year budget.

Thirty Police patrol positions previously funded through federal grants were transferred into the General fund during the second half of FY 13-14. The costs of these positions are included in the first half of FY 14-15 but were not included in the first half of last year. The first half of FY 14-15 also includes personnel expenditures for the new McNairy Branch Library and the Griffin Recreation Center. Controlling for these costs, total personnel costs would be increased by 2.0% during the first of FY 14-15 as compared to the first half of FY 13-14.

As part of a series of budget reduction strategies, the adopted FY 14-15 General Fund budget included an approximate 10% reduction in workers compensation charges assessed to the General Fund. Workers compensation charges for FY 14-15 are \$2.62 million, compared to \$2.90 million for FY 13-14.

Maintenance and Operations - Total maintenance/operations (m/o) costs for the first half of the year are \$35.31 million, about \$126,800 below last year's first half figure of \$35.44 million. The projected maintenance and operations costs for FY 13-14 of \$69.04 million are within the revised current year budget.

Gasoline and diesel fuel expenditures combined are \$158,500, or 7.0%, lower (\$2.11 million compared to \$2.28 million) during the first half of the year compared to the first half of FY 13-14. Average prices for both gasoline and diesel fuel have been falling during the months of October through December 2014 and are considerably less as compared to the first half of FY 13-14. Year end projections well within the FY 14-15 budget of \$4.61 million.

Some notable maintenance and operations expenditures during the first half of FY 14-15:

In preparation of future winter weather, Field Operations has purchased chemical and supplies totaling \$236,700 during the first half of this year. Similar expenditures fell in the second half of last fiscal year.

About \$385,000 has been invested to replace the HVAC/boiler at Smith Recreation Center and to replace the Lewis Recreation Center roof. The Glenwood Recreation Center roof will be replaced in the second half of the year at a cost of about \$200,000. These expenditures were anticipated in the adopted FY 14-15 budget.

Transfer to Other Funds – The revised General Fund budget includes transfers to the Debt Service Fund (\$18.04 million), the Coliseum Fund (\$2.34 million), the Solid Waste Management Fund (\$1.78 million), the Guilford Metro 911 Fund (\$4.42 million), the Cemetery Operating

Fund (\$451,300) and the General Capital Projects Fund (\$893,600) all of which will be expensed throughout the fiscal year.

During the first half of the year, the General Fund was amended twice to increase the General Fund transfer to the General Capital Projects Fund. The first amendment, for \$374,000, contributed to the purchase of property along High Point Road that will ultimately be re-sold. The second amendment, for \$69,648, appropriated the remaining funds from the Mabel D Smith bequest on behalf of the Smith Fairview Senior Center.

## OTHER FUNDS

Coliseum Fund – The Coliseum recorded an operating deficit of about \$1.07 million for the first half of the year, compared to \$2.19 million last year. This includes an estimated \$251,500 operating deficit for the Aquatic Center for the first half of the year, compared to \$291,700 last year.

Hotel-Motel Occupancy Fund – Tax proceeds received through the first half of the year (five months actual) equal \$1.67 million, compared to \$1.49 million last year. Receipts for the full year are projected to exceed budget of \$3.31 million by \$420,000, increasing by 7.5%.

Solid Waste Management Fund – Private tipping fee revenue for construction debris is \$428,400 through the first half of the year, slightly ahead of the same period last year (about \$413,100). The revenue is projected to meet the budgeted figure of \$900,000 by year end.

Private tipping fee revenue at the transfer station, \$1.68 million through the first half of the year (five months actual), is running ahead of last year's \$1.58 million. Revenue should meet the budgeted amount of \$3.8 million by year end.