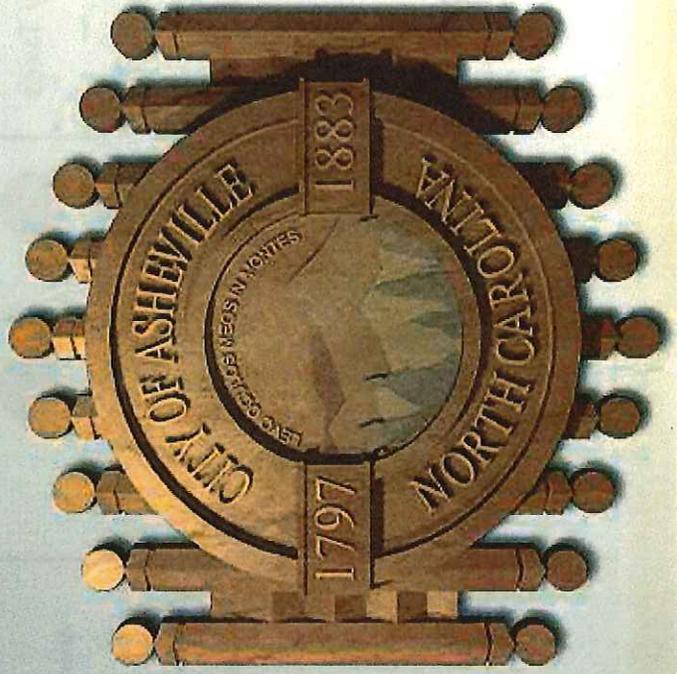
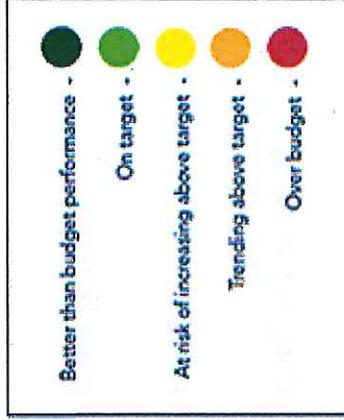
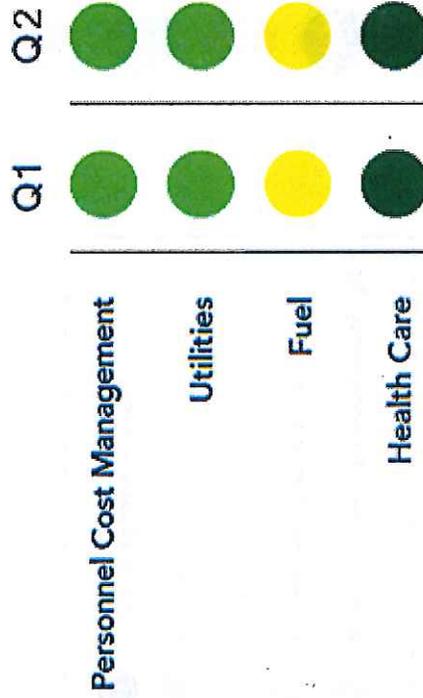


FY 2012-13
2nd Quarter Financial Report



Expenditure Dashboard – Q2



OVERALL EXPENDITURES Q2:

Key Upcoming Dates

- February 26: Finance Committee FY 13-14 Fees & Charges
- March 12 & 19: City Council Budget Worksession
- March 26: FY 13-14 Fees & Charges Adoption
- April 9: Finance Committee budget review
- April 23: Proposed budget presented to City Council
- May 14: Public Hearing
- May 28: 3rd Quarter Report & Budget Adoption



Quarterly Financial Report

Second Quarter of 2012-13

February 26, 2013

The financial information in this report reflects the City's overall financial position for the fiscal year through December 2012.

EXECUTIVE SUMMARY

Amendments. The General Fund budget presented in this second quarter report reflects the adopted budget of \$89,922,437; along with nine budget amendments approved by Council that totaled \$1,259,562. A summary of the amendments is presented below. The only amendment that involved an appropriation from fund balance was the \$650,000 approved for employee bounces. The \$63,000 for the firing range mitigation project was appropriated from unexpended capital funds that were being held in reserve.

Adopted Budget	\$89,922,437
Budget Amendments:	
NC Arts Council Grassroots Arts Grant	50,431
Linamar ED Incentive	200,000
Firing Range Mitigation Project	63,000
Public Housing Police Unit Partnership	217,000
RENCI Grove Arcade Lease	36,096
Plasticard Locktech ED Incentive	13,400
Employee Bonus**	650,000
Community Center Grants	7,834
Energy Rebates	21,801
12/31/2012 Budget	<u>\$91,181,999</u>
** Fund Balance Usage	

Revenues. Through December 31, 2012, the City has collected \$52,918,585 in General Fund revenue, which represents approximately 58.5% of the total General Fund revenue budget. The percentage of revenue collected compared to budget is almost identical to the previous year's percentage through two quarters. Staff received property tax data from Buncombe County in January that showed that the FY 2012-13 assessed valuation grew by only 0.6%. As a result, staff has revised downward the property tax revenue estimate for the current year. Sales tax revenue, which is up 6.3% compared to the same period last fiscal year, is tracking closely to the budget forecast. Through two quarters, state utility tax revenue continues to trend below budget. In total, *FY 2012-13 General Fund revenue is currently projected to come in \$520,000 or 0.57% in under budget.*

Expenditures. General Fund expenditures through December 30, 2012 total \$41,653,448 or 45.7% of budget. At this point in FY 2011-12 expenditures were at 46.0% of budget – so expenditures trends are very similar to the prior fiscal year. Personnel expenses, the largest component of the General Fund budget, are projected to come in on budget. Expenditures for fuel and fleet maintenance continue to run slightly ahead of budget. *Based on expenditure patterns in the previous fiscal year and the trends noted above, staff is*

GENERAL FUND

Revenues:	Revised Budget	12/31/2012 Actuals	Year-End Estimate	Pos./(Neg.) Bud. Variance
Property Taxes	47,588,463	32,926,541	47,188,463	(400,000)
Sales & Other Taxes	16,990,325	6,016,077	16,903,725	(86,600)
Intergovernmental	11,493,494	6,249,580	11,531,505	38,011
Licenses & Permits	5,344,000	3,413,516	5,202,000	(142,000)
Sales & Services	4,080,656	2,265,514	4,177,138	96,482
Investment Earnings	225,000	76,294	150,000	(75,000)
Miscellaneous	1,122,364	638,440	1,172,364	50,000
Other Financing Sources	<u>3,687,697</u>	<u>1,332,622</u>	<u>3,687,697</u>	<u>0</u>
Total Revenue	<u>90,531,999</u>	<u>52,918,585</u>	<u>90,012,893</u>	<u>(519,106)</u>
Expenditures:				
Administration	1,292,966	599,769	1,242,966	50,000
Legal Services	655,200	312,144	645,200	10,000
Finance & Management	3,279,446	1,490,587	3,204,446	75,000
Human Resources	1,331,338	558,753	1,256,338	75,000
Information Tech. Srv	2,656,058	1,635,203	2,606,058	50,000
Nondepartmental	12,068,810	3,759,154	12,043,810	25,000
Economic Development	549,528	387,844	539,528	10,000
Fire	18,603,472	10,016,516	18,593,472	10,000
Police	21,371,052	9,868,132	21,196,052	175,000
Building Safety	4,175,897	1,859,321	4,100,897	75,000
Transportation	1,023,843	448,748	998,843	25,000
Public Works	12,590,147	5,364,335	12,465,147	125,000
Planning	1,817,549	768,658	1,767,549	50,000
Parks & Recreation	<u>9,766,693</u>	<u>4,584,283</u>	<u>9,666,693</u>	<u>100,000</u>
Total Expenditure	<u>91,181,999</u>	<u>41,653,448</u>	<u>90,326,999</u>	<u>855,000</u>
Rev. (Under) Exp.	<u>(650,000)</u>	<u>11,265,137</u>	<u>(314,106)</u>	
Other Financing Sources (Uses):				
Fund Bal. Change	<u>(650,000)</u>		<u>(314,016)</u>	
Beginning Fund Balance	<u>13,626,000</u>		<u>13,626,000</u>	
Ending Fund Balance	<u>12,976,000</u>		<u>13,311,894</u>	
Fund Balance Percentage	<u>14.2%</u>		<u>15.0%</u>	

LIVING WAGE STATUS REPORT:

During the second quarter, the City entered into four general service contracts that fell within the threshold of \$30,000 to \$200,000 and were applicable to living wage requirements. The additional costs associated with these contracts were anticipated and fully covered in the existing FY 2012-13 budget.

FUND BALANCE ANALYSIS:

The City ended FY 2011-12 with available fund balance of \$13.63 million, which equated to 15.9% of FY 2011-12 expenditures. At the November 13th meeting, Council approved the use of \$650,000 in fund balance for one-time employee salary bonuses. Factoring in this fund balance usage along with current revenue and revenue projections for FY 2012-13, staff estimates that available fund balance at June 30, 2013 will be \$13.3 million or 15.0% of estimated expenditures. The City's Financial Management Policy recommends that the City maintain a fund balance equal to 15% of the current-year budget expenditures.

ENTERPRISE FUNDS

The following information summarizes year-to-date and year-end projections for the City's enterprise funds.

Water Fund

	Revised Budget	12/31/2012 Actuals	Year-End Estimate	Pos./(Neg.) Bud. Variance
Revenue	33,598,752	17,525,508	33,910,988	312,236
Expenditure	33,598,752	16,072,591	32,164,418	1,434,334
Rev. Over/(Under) Exp.	0	1,452,917	1,746,570	--

Water operating revenues are projected to be \$312,236 over budget due primarily to revenues received from the sale of old meters associated with the Automated Meter Reading (AMR) project. The AMR project is expected to be completed by June 2013, which means that the revenue received from the sale of old meters will reduce significantly by July 2013 and should not be factored into next FY's budget planning process. Water expenditures are now projected to be \$1,434,334 under budget due to a variety of factors, including vacancy savings, reduced overtime expenses due to a mild winter, and a reduction in multiple operating expense line items, (materials - mild winter with less waterline breaks, bank fees, and bad debt). The department intends to redirect budget savings to capital projects to align the goals in City Council's Strategic Operating Plan.

Transit Fund

	Revised Budget	12/31/2012 Actuals	Year-End Estimate	Pos./ (Neg.) Bud. Variance
Revenue	5,800,263	1,726,708	5,511,083	(289,180)
Expenditure	5,800,263	2,752,046	5,711,083	89,180
Rev. Over/(Under) Exp.	0	(1,025,338)	(200,000)	---

Expenses are tracking very close to budget. On the positive side, bus maintenance expenses have been reduced almost 40% during this year as a result of the incorporation of the new buses. Fare revenue, is 3% below the target, but it showed a slight recovery during the 2nd quarter. Ridership has increased 3% since the last quarter, and is showing steady recovery since the implementation of the new routes in May 2012. Ridership trends will continue to be monitored to determine if there will be an impact on revenue. Revenue from State and Federal agencies is projected to come in under budget by approximately \$180,000. Overall, staff is currently projecting that expenses will exceed revenues by \$200,000 at year end. Staff will monitor this fund and report back to Council in the third quarter report regarding the need for additional funding in the current year.

Stormwater Fund

	Revised Budget	12/31/2012 Actuals	Year-End Estimate	Pos./ (Neg.) Bud. Variance
Revenue*	3,000,723	1,447,968	3,100,000	99,277
Expenditure	3,413,802	1,447,716	3,113,079	300,723
Rev. Over/(Under) Exp.	(413,079)	251	(13,079)	--

* Does not include fund balance appropriation

The Stormwater Fund budget includes a \$413,079 appropriation from fund balance for capital improvements on Michigan Avenue and Blair Street. Based on prior year-end revenue and expenditure results, it does not appear that this full fund balance appropriation will be needed.

The stormwater construction crew installed 400 ft of pipe on Blair St. They also installed 40 ft. of pipe on Deaverview Rd. in West Asheville. The stormwater maintenance crew completed 38 work orders during the second quarter: 10 for structure maintenance, 9 ditch line and road shoulder repair, 6 reset or replace lid, 2 culvert repair, 1 spillway repair, 6 sinkhole repairs, 1 pipe replacement 10 rain day drain cleaning and 4 catch basin repair. The stormwater maintenance crews also swept 754 miles of roadways and cleaned and inspected 1546 catch basins which removed 273.60 tons of material.

TIGER Grant II for Clingman Forest and Town Branch Greenways

Budget	Expenditures & Encumbrances	Avail. Budget
280,000	0	280,000

The contract for the professional consultant is currently being routed via the City’s contract process. The scope of work will take about 10 months to complete.

Greenway Land Acquisition

Budget	Expenditures & Encumbrances	Avail. Budget
217,315	94,345	122,970

All of the following are in progress: 1)Festiva and Beaucatcher Reservoir land exchange; 2) Town Branch Greenway – private residence for acquisition; 3) Clingman Greenway – one private property for acquisition; 4) Beaucatcher Greenway – homeowner’s property by Wind in the Oaks for land exchange (that is going before City Council mid-February); 5) French Broad River Greenway –Cauble and Burris properties to be acquired; and 6) Hominy Creek Greenway –two private easements to be secured.

WNC Nature Center – Playground and Red Wolf Project

Budget	Expenditures & Encumbrances	Avail. Budget
369,291	369,213	78

Construction for the project initiated in January and has a 5 month completion date.

WNC Nature Center – New Entrance & Animal Exhibits Project

Budget	Expenditures & Encumbrances	Avail. Budget
92,630	88,972	3,658

The consultant has completed the planning process and is mid-way in the design development process. The project design and planning management deadline was December 13, 2012 but unforeseen planning issues have extended it to May.

Sardis Road Sewer

Budget	Expenditures & Encumbrances	Avail. Budget
1,633,690	1,042,627	591,063

This project is complete and accepted. Final invoices are going through the approval process.

Airport Road Sewer (Projects #1 & #2)

Budget	Expenditures & Encumbrances	Avail. Budget
432,356	206,512	225,844

The Airport Road sewer projects are under construction, on time and on budget. The projects are scheduled to be complete in April 2013.

East Oakview Bridge

Budget	Expenditures & Encumbrances	Avail. Budget
1,688,000	1,578,529	109,471

This project is complete, and staff is currently coordinating final reimbursement with NCDOT. The prime contractor (Taylor & Murphy) has outstanding payment issues to a subcontractor that needs to be rectified, before DOT will reimburse. This matter is complicated by the fact that Taylor & Murphy is dissolving as a company.

Cherokee/Sunset Wall

Budget	Expenditures & Encumbrances	Avail. Budget
475,468	75,468	400,000

This project is currently under contract, with construction expected to begin in late February. The preconstruction meeting was held on February 7, 2013.

Wild Cherry Bridge

Budget	Expenditures & Encumbrances	Avail. Budget
706,597	684,041	22,556

The contract has been awarded for this project and construction is currently underway.

Blair Street Stormwater Improvements

Budget	Expenditures & Encumbrances	Avail. Budget
155,720	0	155,720

The stormwater drainage system has been installed along Blair Street, the roadway resurfacing is planned to take place this spring.

City Hall Repairs

Budget	Expenditures & Encumbrances	Avail. Budget
6,001,833	3,906,861	2,094,972

The project is approximately 26% complete. Yellow bricks on lower portion have been produced which match extremely well. The Terra Cotta that must be replaced is being removed. Measurements and broken pieces are being sent to firm to create replacements to exact size, color, etc. Most of the work tying existing brick and adding expansion joints is complete.

National Guard Armory Repairs

Budget	Expenditures & Encumbrances	Avail. Budget
60,000	39,825	20,175

Work includes: System networking expansion and additional security devices for APD, ongoing building repairs to all three buildings, additional roof leaks needing to be repaired due to recent heavy rains.

McCormick Field Resurfacing

Budget	Expenditures & Encumbrances	Avail. Budget
300,000	226,428	73,572

Staff is completing the final purchases of infield mix seed, fertilizer, top dressing sand, and two drain covers. Project should be complete by end of March.

FY13 Roof Replacements

Budget	Expenditures & Encumbrances	Avail. Budget
214,000	0	214,000

Gutter replacement and roofing repairs for Hunt Hill are underway with a completion expected by the end of week 2/15/13. Roofing replacement for Burton Street is written up as a contract and awaiting input into MUNIS. Fire stations are awaiting bids for replacement, everything should be in place for a contract by the end of February.

INVESTMENT MANAGER'S REPORT at December 31, 2012

TOTAL MARKET VALUE

	10/1/12 - 12/31/12
BEGINNING MARKET VALUE	\$ 95,462,984
Additions	135,752,428
Maturities	(128,715,816)
Change in market value	<u>(114,241)</u>
ENDING MARKET VALUE	<u>\$ 102,385,355</u>

Investment revenue: \$ 113,863

CASH EQUIVALENTS AND BOND MATURITY SCHEDULE

Cash	\$ 38,550,687	38%
Cash equivalents <91 days	5,508,492	5%
91 days to less than 1 year	30,166,632	29%
1 to 5 years	28,047,694	27%
5 to 10 years	111,850	0%
TOTAL	<u>\$ 102,385,355</u>	<u>100%</u>

INVESTMENT SUMMARY

ASSET CLASS		
Fixed income	\$ 58,326,176	57%
Cash & equivalents	<u>44,059,179</u>	<u>43%</u>
Total asset value	<u>\$ 102,385,355</u>	<u>100%</u>

MONTH END PORTFOLIO INFORMATION

Weighted average yield 0.6051%
Weighted average maturity 446 days

Benchmark indicators:

6 month T-Bill Secondary Market	0.1200%
1 year T-Bill secondary market	0.1600%
2 year T-Bill secondary market	0.2600%
NCCMT Cash Portfolio	0.0700%