



**BOARD OF ALDERMEN
MEMORANDUM**

TO: MAYOR MCDERMON AND ALDERMEN

FROM: Debra H Mack, Consultant

SUBJECT: Finance Monthly Financial Report

DATE: February 27, 2025

Listed below are key financial highlights:

- A) Budget vs Actual Report for all Funds.
- 1) **General Fund** (Fund 10) Pages 1 – 9
 - i. **Ad Valorem Tax Current Year** – received \$4,184,875 through February 27th which exceeds budget \$22,679. Most of the current year taxes are received by February.
 - ii. **Interest Earnings** – received \$437,397 through January which exceeds total budget \$237,397 (February interest will post on 3/1/25). If interest rates hold, it is estimated an additional \$125,000 will be earned through year-end; for total **projected** Interest Earnings of \$562,397 or **\$362,397 over budget**.
 - iii. **Utility Franchise Tax** – received \$163,594 through the quarter ended September 2024, distributed in December 2024. The remaining distribution schedule:: Oct – Dec in March, Jan – Mar in June, April – June in September. Realized 50% of the budgeted revenue with one quarter distribution. This tax is susceptible to extreme weather. Conservatively, the remaining three quarters distributions would be around \$342,000 with a total for FY 25 **projected** at \$505,594 or **\$175,594 over budget**.

- iv. **Sales Tax** – received \$1,377,747 through November sales distributed in February. The remaining distribution schedule has December Sales distributed in March and the last month of June distributed in September. This tax is susceptible to economic conditions. Conservatively, the remaining seven distributions would be around \$1,585,793 with a total for FY 25 **projected** at \$2,940,466 or **\$773,469 over budget**.
- 2) **Capital Improvement Fund** (Fund 12) Page 10
- i. Both Valorem Tax and County Fire Tax receipts exceed the budget by 1% and 3% respectively and the majority of these revenues are received by February. **Total revenue received \$1,612,697 exceeds the transfer to the Fire Station of \$1,584,395. Barring unforeseen expenditures, no Appropriated Fund Balance will be needed.**
NOTE: the \$9,793.45 expenditure in Future Capital Improvements will be moved to Fire Station (Fund 50) as those represent payments to Becker Morgan in July and August.
- 3) **Shoreline Protection** (Fund 30) pages 11-12
- i. **Accommodation Tax** – received \$2,004,347 through February 21st which exceeds the \$1,781,123 budget by \$223,224. This tax is susceptible to economic and weather conditions. Based on FY 24 receipts for months Mar – June of \$464,587 the total for FY 25 **projected** at \$2,468,934 or **\$687,811 over budget**.
 - ii. **Interest Earnings** – received \$123,860 through January which exceeds total budget \$27,646 (February interest will post on 3/1/25). If interest rates hold, it is estimated an additional \$55,000 will be earned through year-end; for total **projected** Interest Earnings of \$178,860 or **\$82,646 over budget**.
 - iii. **Ad Valorem Tax** – exceeds the budget by 1% and the majority of this revenue is received by February.
 - iv. **Sales Tax** – received \$463,680 through November sales distributed in February. The remaining distribution schedule has December Sales distributed in March and the last month of June distributed in September. This tax is susceptible to economic conditions. Conservatively, the remaining seven distributions would be around \$445,472 with a total for FY 25 **projected** at \$909,152 or **\$167,428 over budget**.
 - v. **Paid Parking Revenue** – received \$292,243 through February 6th. This tax is susceptible to weather conditions. Based on FY 24 receipts for months Mar – June of \$263,549 the total for FY 25 **projected** at \$555,792 or **\$219,417 over budget**.

- vi. Due to the **delayed FEMA reimbursements for Fund 31** the board authorized a transfer of \$6,000,000 until the FEMA grants are closed out. This **will result in at least \$6,000,000 of appropriated fund balance of the total \$8,298,755.**
- 4) **Capital Project Beach Maintenance (Fund 31)** pages 13-14
- i. NOTE: **Multi-year Fund.** This impacts comparisons of transfers in from annual funds when the multi-year fund has the history of prior years.
 - ii. **FEMA Reimbursement** – due to the delay in FEMA reimbursements compared to the budget shows \$6,171,550 not paid out as of February 27th.
 - iii. **Investment Income** - \$935,628 over budget. Is related to the interest earned on the \$10.5 million NCDEQ Grant. This revenue can be used toward work related to Phase 4 if needed.
- 5) **Grant Project FEMA – 4837 PTC8 (Fund 32)** page 15
- i. NOTE: **Multi-year Fund.** Category G: Dune Crossover at Marina Way and Category G: Emergency Berm (Beach Project)
 - ii. This project does not have the funding agreement in place yet as FEMA’s Beach Team is drafting the SME report. Once completed this will progress through the Consolidated Resource Team and other required levels of review prior to a final funding agreement.
 - iii. Due to the lack of a funding agreement and the need for this work to commence; Fund 30 will transfer to Fund 32 the current estimated amount for the project. Moving forward contemplates that this transfer will be repaid to Fund 30 and all federal and state requirements for reimbursement followed.
- 6) **Capital Project Fire Station 2 (Fund 50)** page 16
- i. NOTE: **Multi-year Fund.**
 - ii. This project needs the Construction Administration and Environment Testing costs moved out of the Construction Costs account, which should only have the WB Brawley payments. These corrections will be completed for the next monthly report.
 - iii. Contingency balance in this project is \$87,052 to cover any unforeseen costs.
 - iv. The WB Brawley contract stipulated items that the Town would purchase and/or install. Have requested projected costs for those items to be included with the FY 26 budget request.
- 7) **Grant Project Stormwater NCEM DRMG2304 (Fund 60)** page 17
- i. NOTE: **Multi-year Fund.**
 - ii. This project is funded by NCEM and no matching requirement.

- B) **Payments Processed:** Cash Disbursements (ACH) \$150,597.82 and Accounts Payable Checks \$3,150,784.88 = \$3,301,382.70.
- C) **Cash Balance Report All Funds** – this report by Bank Type by fund no longer has the large negative balances in Bank 1 (sweep account). Those negative transactions for the past years have been corrected to show the operating bank balance – Bank 2 by Fund. The only Funds with negative cash balances are Fund 32 and Fund 60 both are new Grant Funds. Highlighted the General Fund and Fund 31 below:
- 1) **General Fund** – lists zero in the Bank 2 as during this time of year the majority of tax receipts have been collected. The entire cash available is in the NC Capital Management Trust. This will be updated monthly after the last payroll; accounts payable and cash disbursements are posted.
 - 2) **Fund 31** – NC Capital Management Trust There are \$2,594,175.70 estimated eligible expenses of the NCDEQ grant. The Total \$11,435,627.77 is split \$8,841,452.07 unspent NCDEQ grant and interest; and the balance of \$2,594,175.70 attributable to the unspent transferred in funds. In addition, the \$979,405.05 balance in Bank 2 also represents unspent transferred in funds as of February 27th.

This month's report has provided detailed highlights to assist in the interpretation of the reports attached.

Respectfully submitted,

Debra H Mack/dhm

GW Tax & Accounting Consultant

Attachments:

Budget vs Actual All Funds – 17 pages

Check Listing 01/25/25 – 02/27/25 – 4 pages

Cash Balance All Funds – 2 pages