

Mayor and Council,

Please find below a summary of the City's financial position through February 28, 2026 (FY2026, Period 2).

General Fund (Fund 100)

- Adopted Budget: \$19,113,300
- Year-to-Date Revenues: \$852,701 (4.5% of budget)
- Year-to-Date Expenditures: \$2,335,222 (12.2% of budget)
- Net Position (YTD): \$(1,482,521)

The current General Fund deficit is primarily attributable to revenue timing. Several major revenue sources, including Insurance Premium Tax, utility/franchise payments, and certain interfund transfers—have not yet been posted as of February 28th. Expenditure levels remain within expected operating range for this point in the fiscal year.

Other Major Funds

- ARPA Fund (230): \$161,557 in expenditures recorded; revenue recognition pending reimbursement/draw timing.
- Hotel/Motel Fund (275): Positive net position of \$41,627 YTD.
- Capital Projects Fund (300): \$77,279 in expenditure; SPLOST and transfer revenues have not yet been posted for the period.
- SPLOST II (321): \$1,071,022 in revenue received to date.
- Stonecrest URA (804): \$(340,277) YTD due primarily to scheduled debt principal payment timing.

Items Requiring Administrative Review

1. Select expenditure lines currently exceeding budget (e.g., Small Equipment and Buildings & Improvements) will be reviewed for potential budget amendment.
2. Municipal Court revenue postings will be evaluated to confirm proper coding and sign convention.
3. Revenue posting schedules for major tax sources are being verified to ensure accurate forecasting.
4. Municipal Court Revenue (Fund 745):
 - Negative revenue posting observed; reviewing coding and revenue recognition treatment.
5. Major Revenue Timing Gaps:
 - Insurance Premium Tax
 - Utility/Franchise Revenues
 - Certain Transfers

These are expected later in the fiscal cycle but are being verified to ensure accurate forecasting and cash flow alignment.

Overall Assessment

Expenditure remains controlled and within normal spending patterns for the first quarter of the fiscal year. The reported deficits across several funds are primarily attributable to revenue timing and posting cycles rather than structural imbalance.

Finance staff are actively reconciling revenue schedules and reviewing budget exception items. If necessary, a formal budget amendment package will be presented for Council consideration.

Respectfully submitted,
Keisha Franklin
Finance Director
City of Stonecrest