

Quarterly Report

Department of Finance & Procurement



Town Council Meeting Date: February 13, 2024

Second Quarter 2024: October, November, December

Department introduction:

The mission of the Department of Finance and Procurement is to promote excellence and transparency in the delivery of effective and efficient financial management services to our internal and external customers and stakeholders. This is accomplished by adhering to sound financial management practices, demonstrating integrity in all that we do, and working as a team to support the Town's mission, vision, and values.

The Department is responsible for accounting and financial reporting, budget preparation and monitoring, debt management, accounts receivable, accounts payable, payroll processing, procurement, tax billing, utility billing, collections, and investment management.

Project Progress:

Budget:

- Our Budget Manager has compiled departmental operating and capital budget requests and provided the Town Manager with an initial high-level summary of the FY25 budget.
- Departments met with the Town Manager to review a first draft of the capital improvement program.
- The Town Manager and the Budget Manager are conducting meetings with individual departments to review their operating requests.
- The Finance Director and Budget Manager met with the Northern Piedmont Community Foundation to discuss utilizing their services for selection and distribution of contributions to outside agencies in line with the Council's adopted policy. An agreement and a process has been drafted for review.
- The Town Manager, Finance Director, and Budget Manager met with our financial advisors, Davenport & Company, to review the draft of the FY25 capital improvement program to evaluate the Town's financing needs.

Tax Administration:

- The 2023 second half real estate tax and stormwater fee bills and the annual personal property tax bills were due on December 15th. The collection rates for these bills are reported in the delinquent account balances section on page 5.

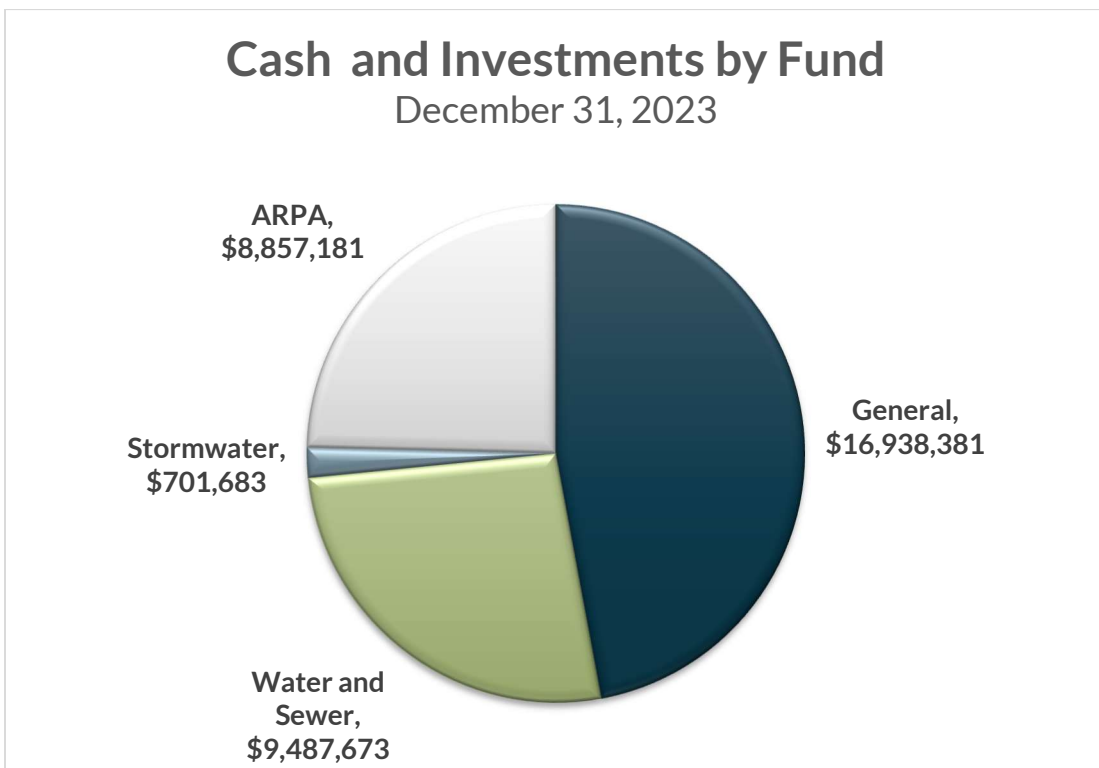
- Business license renewal applications were mailed at the end of January. They are due by March 1st.

Charts and information:

The following charts are provided based on the information contained in the **attached financial statements for the period ended December 31, 2023.**

Cash and Investments

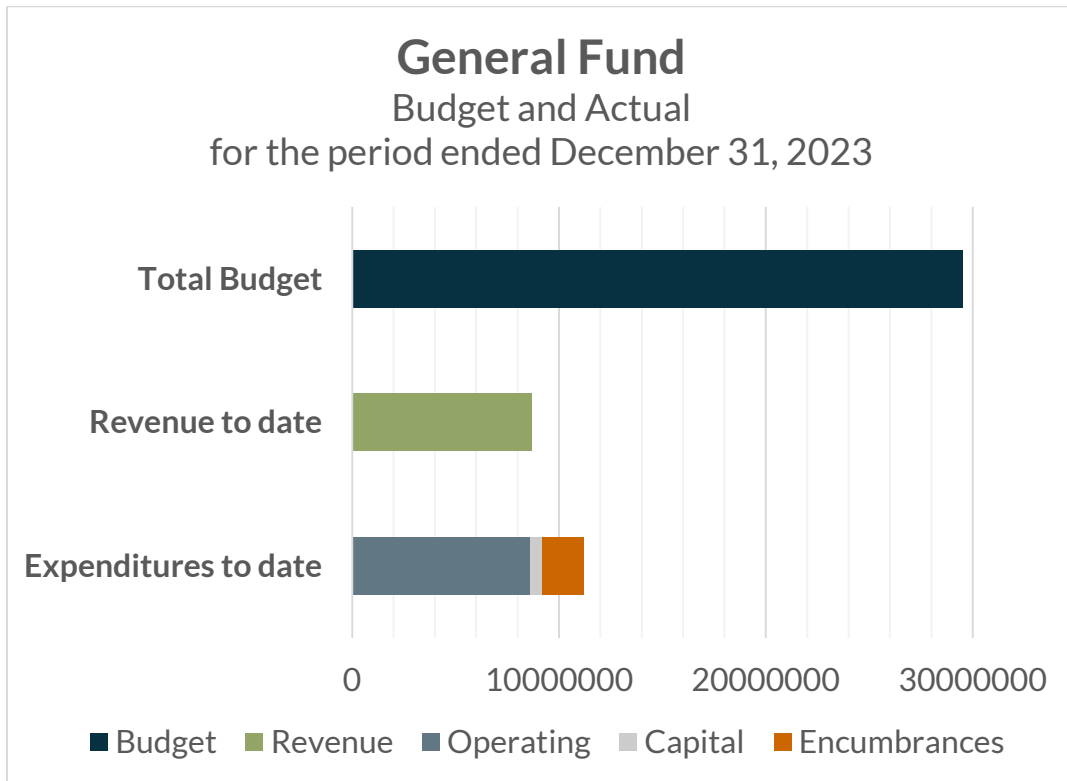
The following chart shows the cash and investment balances for each of the Town’s major funds.



Budget and Actual by Fund

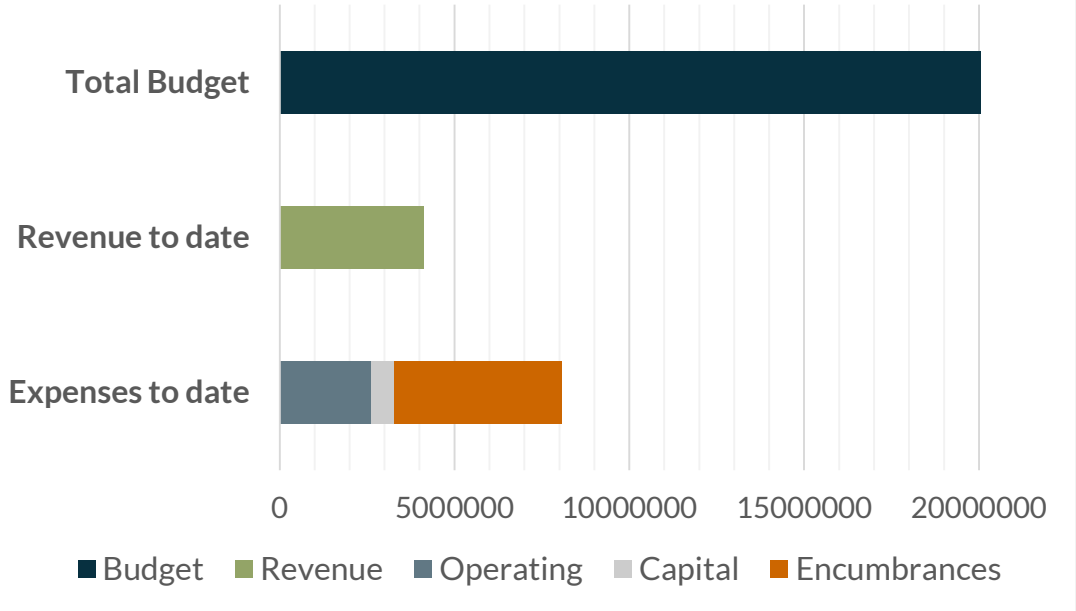
The following pages contain graphs for each fund that compare the budget to the actual revenue or expenditures recorded year-to-date. Each graph shows:

- the total budget for the fund, represented by the dark blue bar at the top of each graph.
- revenue received year-to-date, represented by the green bar.
- expenditures recorded year-to-date.
 - This is further broken down into
 - Operating (blue)
 - Capital (gray)
 - Encumbrances (orange) – this represents the total value of purchase orders issued to vendors for services, equipment, materials, and supplies. While not part of the actual expenditures as of the end of the period, these amounts will be expended in the coming months.



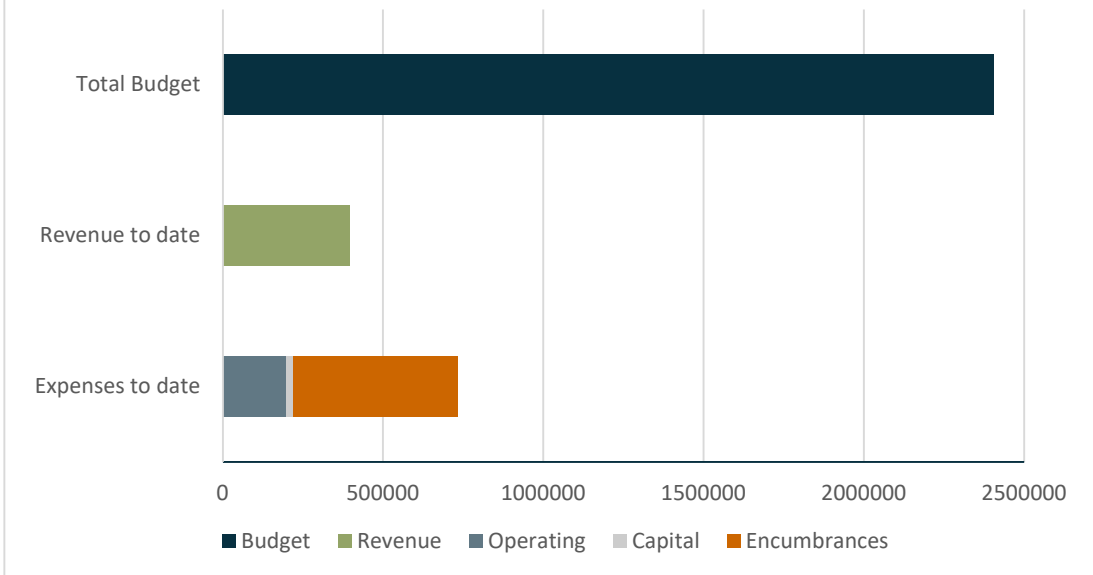
Water and Sewer Fund

Budget and Actual
for the period ended December 31, 2023



Stormwater Fund

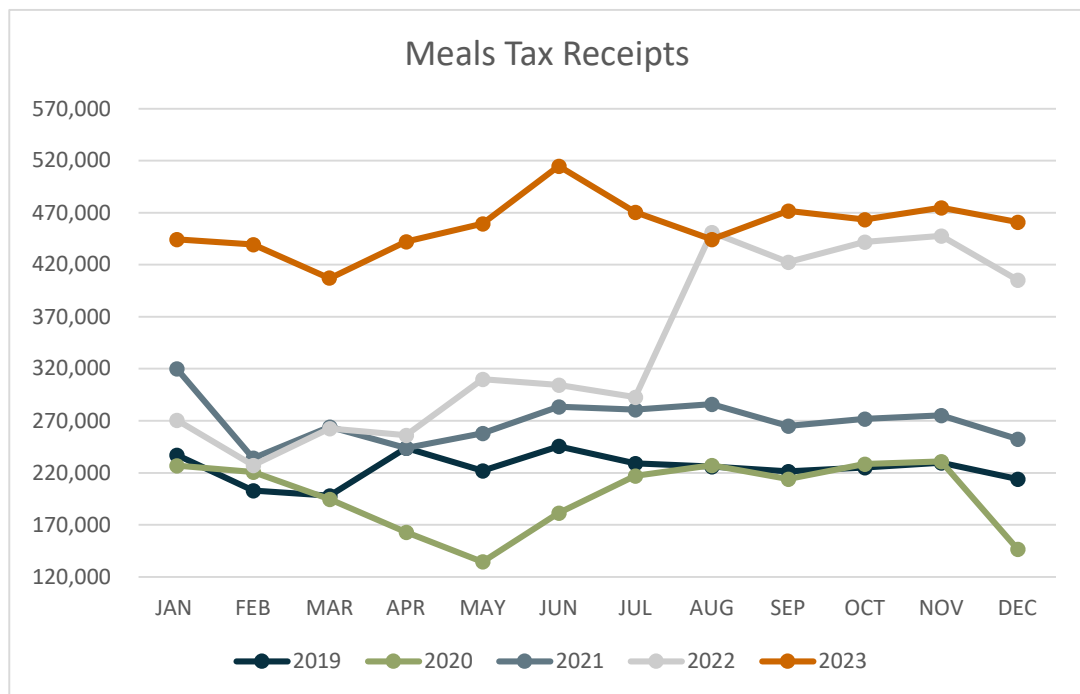
Budget and Actual
for the period ended December 31, 2023



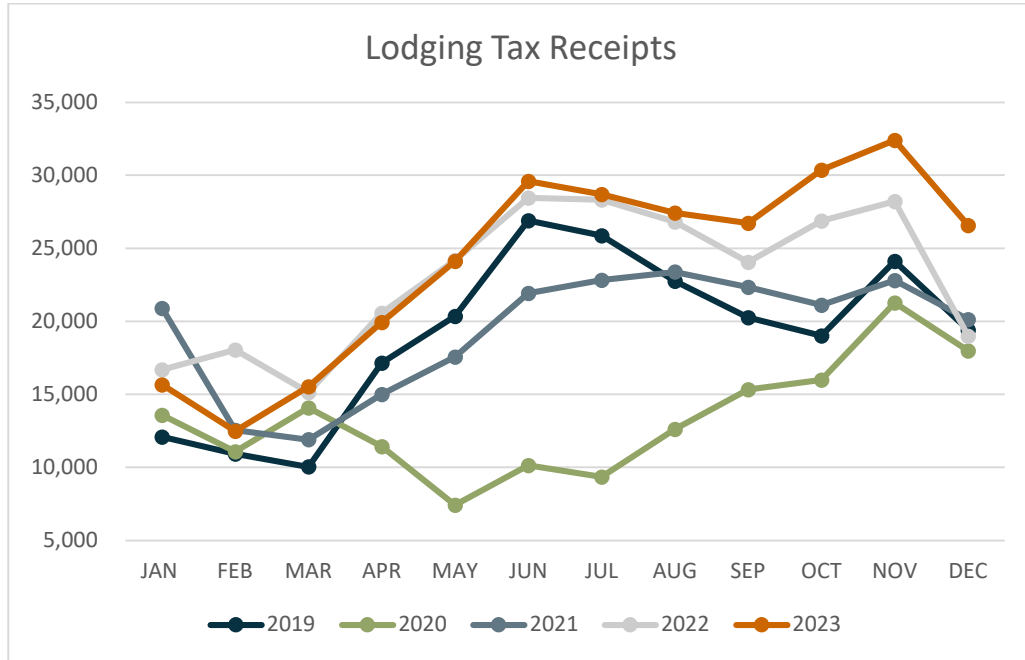
REVENUE TRENDS

A review of monthly revenue categories is provided to assist in understanding how our current receipts compare to prior periods. The data is presented on a cash basis for the current calendar year (2023) and four prior years (2022, 2021, 2020, and 2019). The monthly revenue categories are Meals Tax, Lodging Tax, Local Sales Tax, and Utility Billing Receipts.

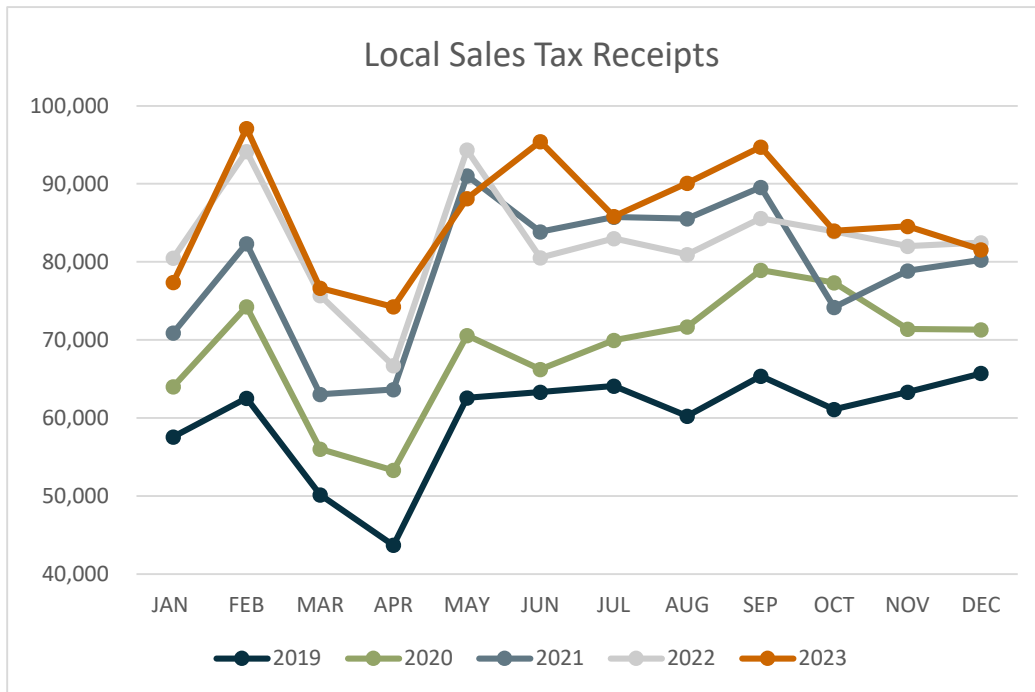
Meals Tax - This is the largest revenue source for the General Fund. Since July 2020, revenue has tracked closely to the data from 2019, apart from January 2020. This was due to mail delivery delays and accounts for the significant increase in January 2021. In April 2021, the revenue in this category matched that received in 2019. Since that time, the revenue has met or exceeded all prior years. The August 2022 collections reflect the beginning of the increase in the rate that was adopted in the FY23 budget. The average increase in this category for 2023 has been 9%.



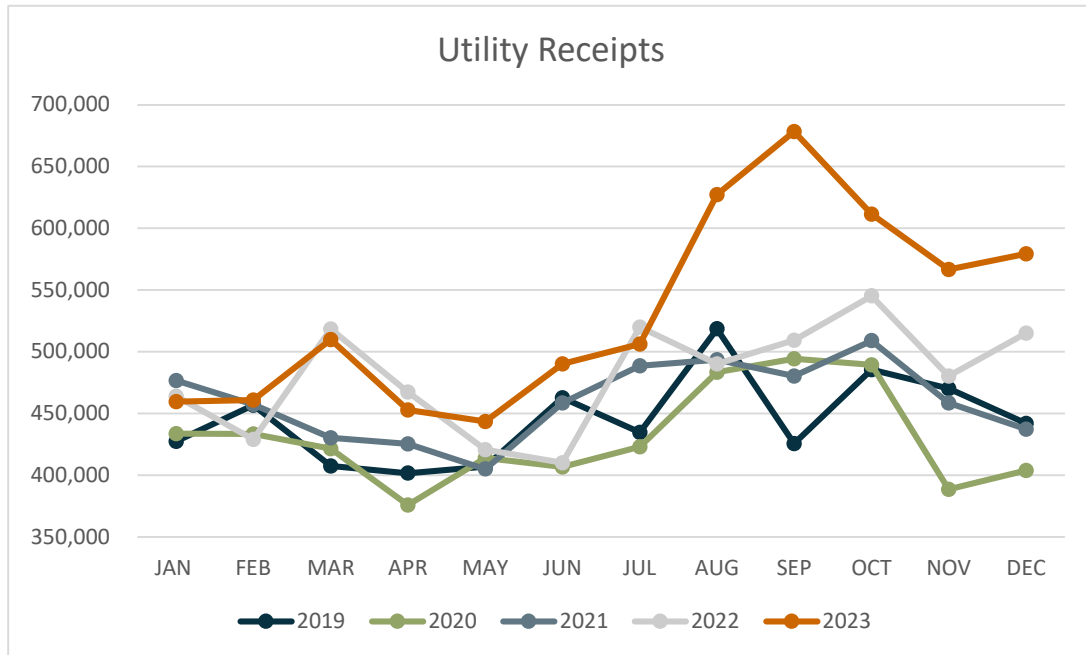
Lodging Tax – This category suffered more severely from the impacts of Covid-19. Revenue dipped in February 2023 but has met or exceeded 2022 since March.



Local Sales Tax – Sales Tax receipts for October through December are continuing along the same trendlines as 2022. The remittance lags the month of collection by two months (e.g. – sales tax collected in December is posted in February). This helps to explain some of the seasonal fluctuations in the chart below.



Utility Receipts - The chart below shows the monthly receipts for Water and Sewer bills. Receipts in 2023 have generally tracked with those received in 2022. The increase in August reflects the rates adopted effective July 1, 2023.



Data:

DELINQUENT ACCOUNT BALANCES

Real Estate Tax and Stormwater Management Utility Fee

Real Estate tax and the Stormwater Management Utility fee are due twice a year, on June 15th and December 15th. The percent collected and unpaid balances for the past year are shown below:

Real Estate Tax	Percent Collected	Unpaid Balance
Real Estate Tax - 1st half, CY2023	98.8	\$5,051.53
SWM Utility Fee - 1st half, CY2023	98.9	\$3,736.35
Real Estate Tax - 2nd half, CY2023	97.1	\$12,028.62
SWM Utility Fee - 2nd half, CY2023	97.4	\$9,430.33

Personal Property Tax and Vehicle License Fee

Personal Property taxes and vehicle license fees are due once a year on December 15th. The percent collected and unpaid balance for the December 15, 2023, billing is shown below:

Type	Percent Collected	Unpaid Balance
Personal Property Tax	97.5	\$66,218.06
Business Personal Property Tax	97.4	\$52,759.57
Vehicle License Fee	70.4	\$65,286.88

Business License Tax

Business license renewal applications are due annually on March 1st for the following year beginning July 1. The payment for the license is due on June 30th. The percentage collected and unpaid balances are shown below for the last two license years.

A list of businesses with active licenses is attached to the agenda item.

Type	Percent Collected	Unpaid Balance
Business License 2023	99.8	\$3,950.68
Business License 2024	98.9	\$22,523.76

Meals Tax

Meals Tax collectors must file for us to know the amount of tax owed. If they fail to file, we may issue a statutory assessment based on the best available information and pursue collection of that amount.

Filings: The Town has a total of 91 registered Meals Tax collectors. Three businesses have not filed for the last two reporting periods, and three businesses have not filed for the last reporting period.

Past Due Amounts and Delinquent Filings: The following businesses have past due Meals Tax balances or are not current on their filings.

Business	Past Due Amount	No. of Months Past Due Filing
Ellie's Place	\$1,145.51	2
Black Bear Bistro	\$0.00	2
Shine On BBQ	\$0.00	2
Wild Hare Hard Cider	\$0.00	1
Fat Tuesdays	\$1,754.29	1
Samaa's Kitchen	\$0.00	1

Lodging Tax

Like Meals Tax, businesses must file for us to create an assessment. All registered collectors are current in their filings and payments.

Sales Tax

Sales tax is remitted to the State each month based on the County, not the Town, that the business is located in. The local 1% is then sent back to the County. The amount to be distributed to the Towns is determined based on the residency of school-aged children. The County retains 50% of that amount and distributes the remaining 50% to the incorporated Towns based on the percentage of school-aged children residing in each town. There is no information provided by the State regarding delinquent accounts.

Utility Billing

The total delinquent balance is \$79,307 higher than December 2022. The Town did not issue disconnect notices for several months when the “old” side of Town Hall was closed due to the location of the mass mail machine. The mailing of disconnect notices has resumed and the aging has improved in January 2024.

WATER AND SEWER OPERATING A/R AGING

	<u>December 31, 2022</u>	<u>December 31, 2023</u>	<u>Incr./(Decr.)</u>
Over 30	56,706	111,204	54,498
Over 60	18,376	36,979	18,603
<u>Over 90</u>	<u>14,025</u>	<u>20,231</u>	<u>6,206</u>
Total	\$ 89,107	\$ 168,414	\$ 79,307