

# Quarterly Report

## Department of Finance & Procurement



Town Council Meeting Date: May 14, 2024

Third Quarter 2024: January, February, March

### 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:

- The Town Manager's Proposed Fiscal Year 2025 and Proposed 2024-2030 Capital Improvement Plan was delivered to the Town Council on April 1, 2024.
- The Budget Manager presented an overview of the Proposed Budget at the April 9, 2024, Council Meeting.
- The Town's Financial Advisors, Davenport & Company, LLC, provided a review of General Fund Historical Review.

### Tax Administration:

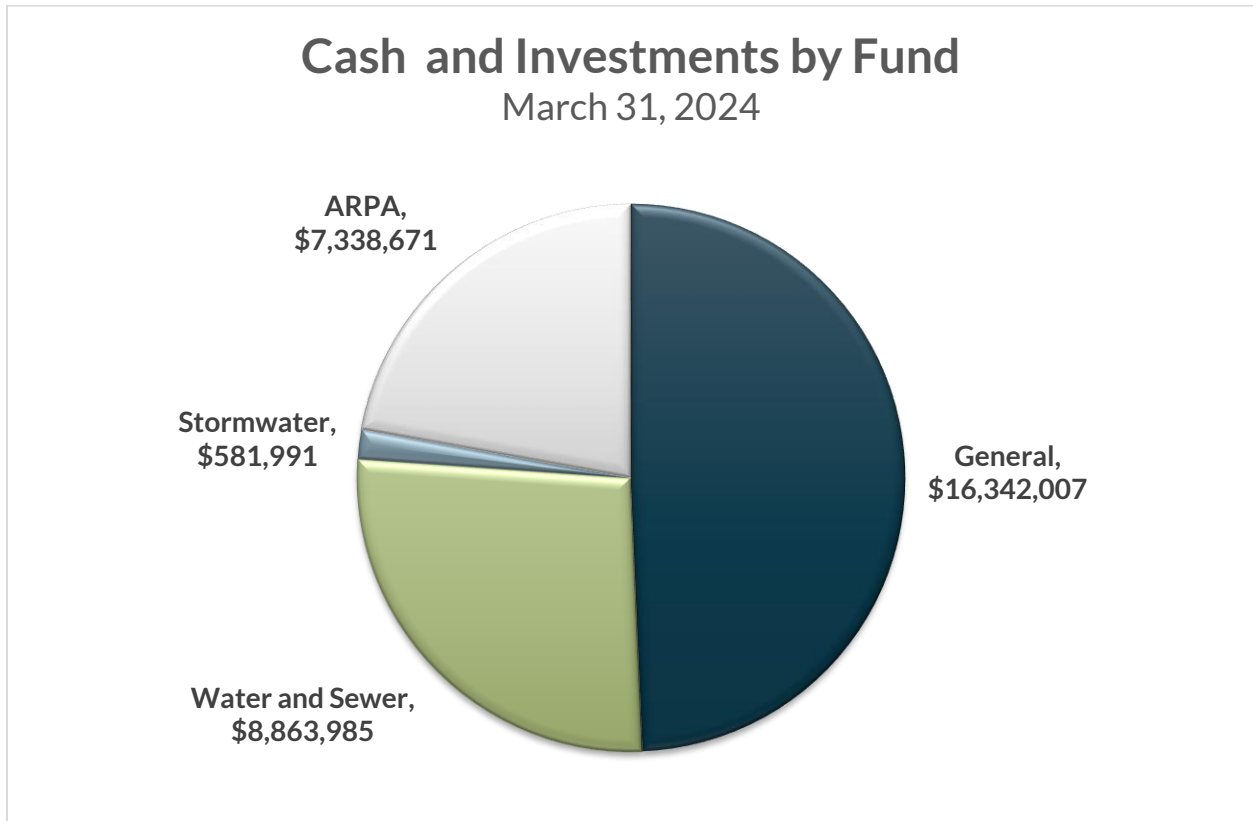
- Business license renewal applications for the 2025 license year that starts on July 1<sup>st</sup> were due on March 1<sup>st</sup>. The business license taxes for these renewals will be due on June 30<sup>th</sup>. The filings seem to generally report receipts that are in line with the prior year, with some increases in certain categories, such as medical practices and car dealerships.
- Payments totaling \$465,571 have already been received for payments due by June 30<sup>th</sup> for the 2025 business license year.

### Charts and information:

The following charts are provided based on the information contained in the **attached financial statements for the period ended March 31, 2024.**

#### Cash and Investments

The following chart shows the cash and investment balances for each of the Town's major funds. Cash has decreased by approximately \$2.5 million compared to the same period last year due to the spending of ARPA funds and Water and Sewer capital spending.

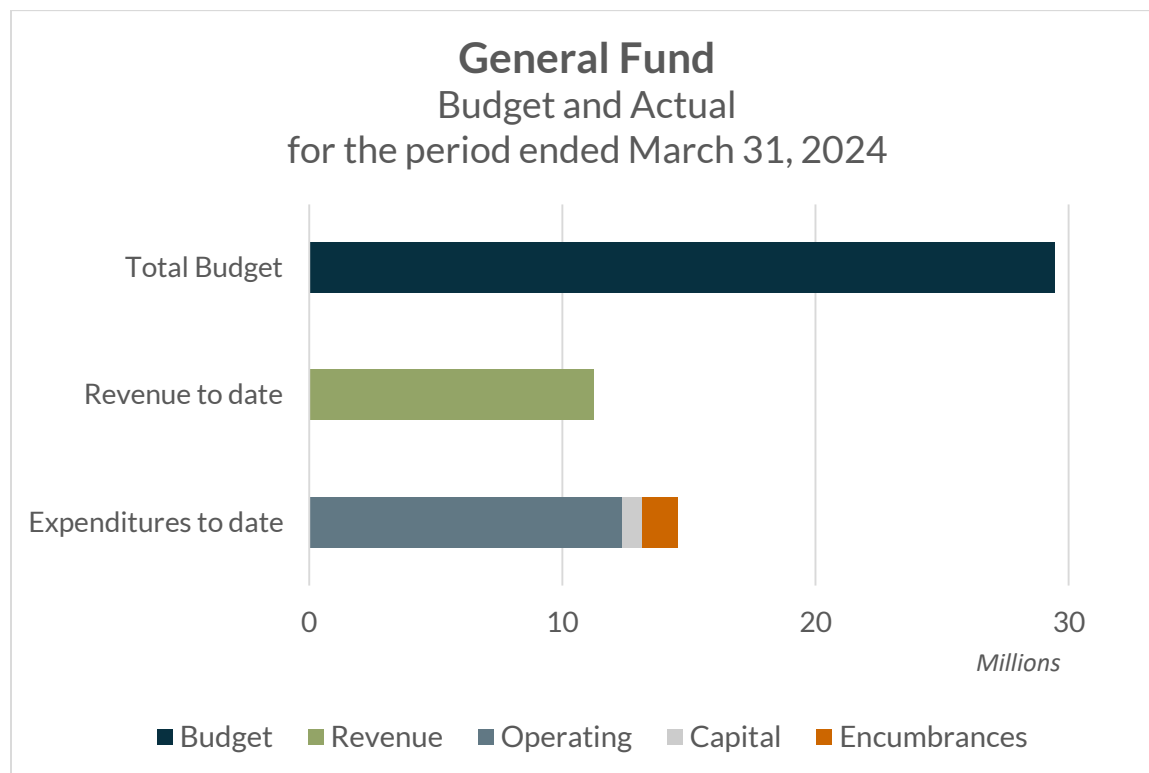


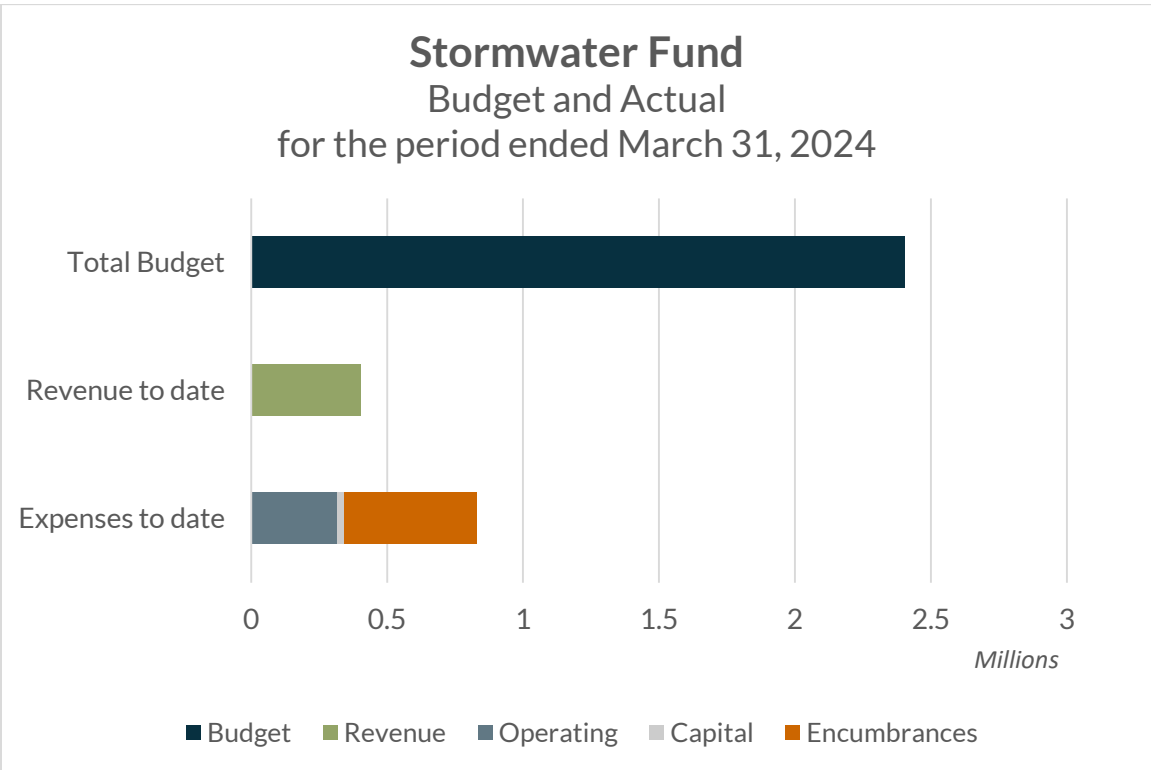
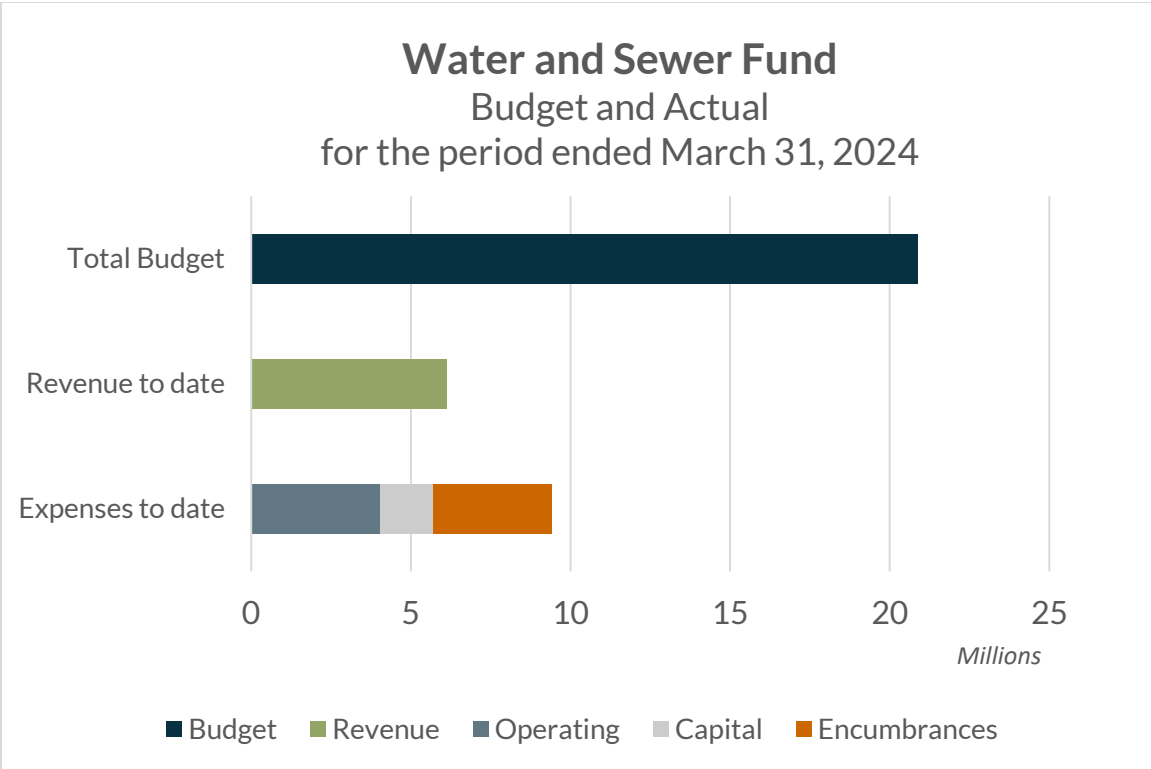
### Budget and Actual by Fund

The following pages contain graphs for each fund that compare the budget to the actual revenue or expenditures recorded year-to-date. Capital projects are included for each fund. This can distort the budget-to-actual comparison, since most capital spending crosses over fiscal years.

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 (light 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 expenditure as of the end of the period, these amounts will be expended in the coming months.

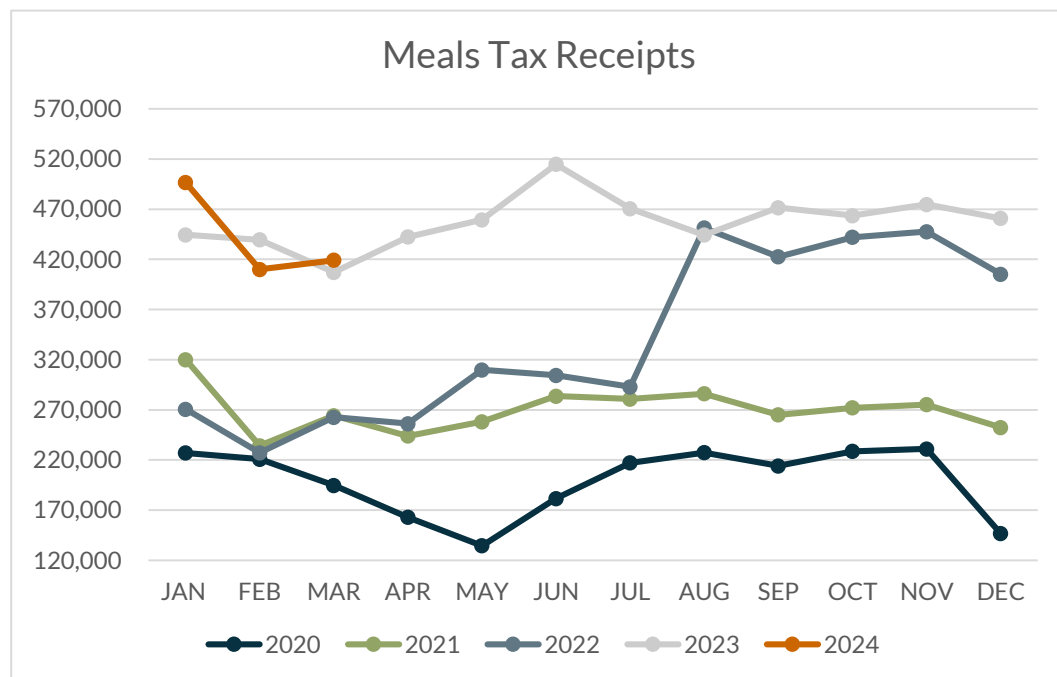




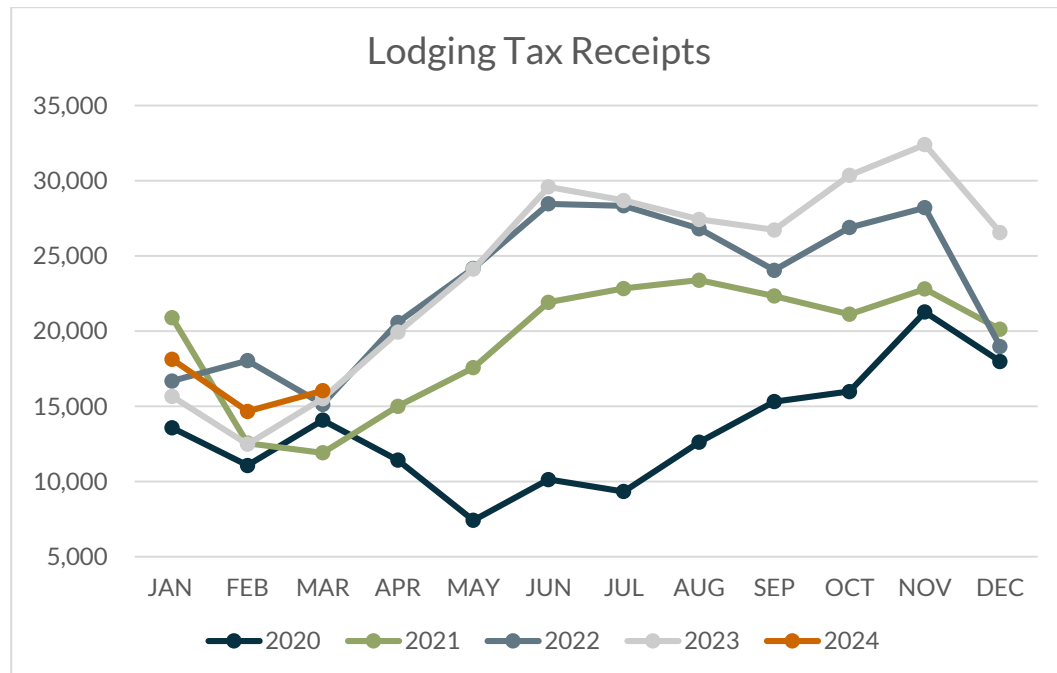
## REVENUE TRENDS

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 (2024) and four prior years (2023, 2022, 2021, and 2020). The monthly revenue categories are Meals Tax, Lodging Tax, Local Sales Tax, and Utility Billing Receipts.

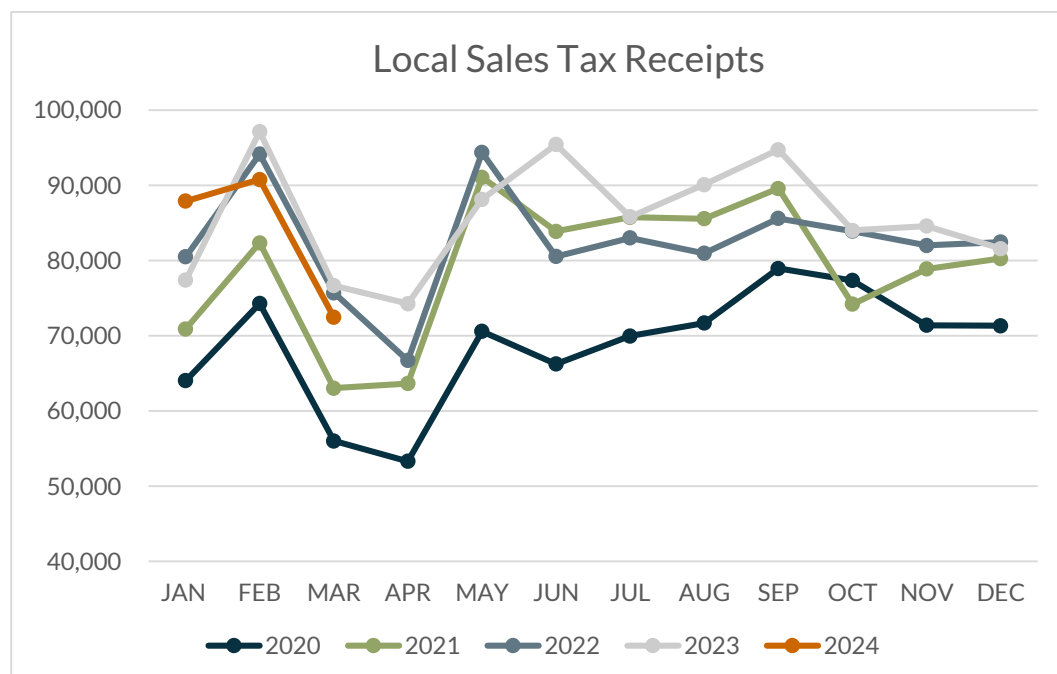
Meals Tax - This is the largest revenue source for the General Fund. The August 2022 collections reflect the beginning of the increase in the rate that was adopted in the FY23 budget. The average increase in meals tax receipts for FY24 compare to FY23 has been 6.3%.



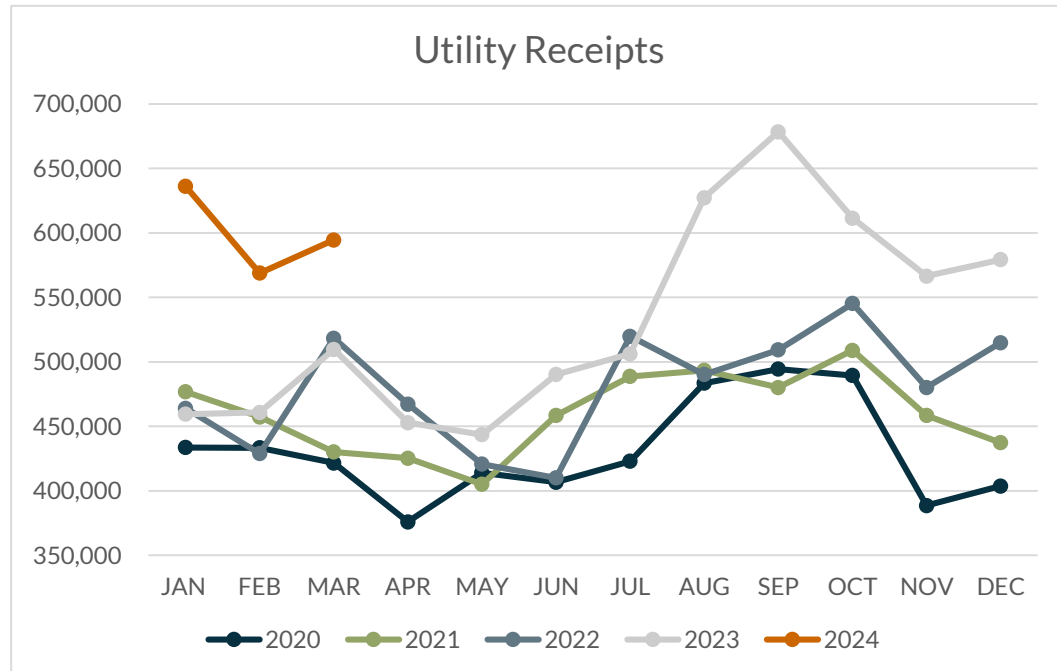
**Lodging Tax** – The revenue decline in February 2023 and February 2024 is due to a shift in the timing of filings and receipt of payments.



**Local Sales Tax** – Sales Tax receipts for the third quarter of FY24 are continuing along the same trendlines as the past few years. 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 and 2024 have generally tracked with those received in 2022. The increase in August 2023 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 15<sup>th</sup> and December 15<sup>th</sup>. 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	99.0%	\$4,003.36
SWM Utility Fee – 1st half, CY2023	99.1%	\$2,909.55
Real Estate Tax – 2nd half, CY2023	98.3%	\$6,956.13
SWM Utility Fee – 2nd half, CY2023	98.5%	\$5,130.39

#### Personal Property Tax and Vehicle License Fee

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

Type	Percent Collected	Unpaid Balance
Personal Property Tax	97.0%	\$36,986.96
Business Personal Property Tax	92.1%	\$35,020.51
Vehicle License Fee	78.8%	\$51,885.78

#### Business License Tax

Business license renewal applications are due annually on March 1<sup>st</sup> for the following year beginning July 1. The payment for the license is due on June 30<sup>th</sup>. 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	99.7%	\$6,334.13
Business License 2024	99.2%	\$17,110.16

#### 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.

Past Due Amounts and Delinquent Filings: The Town has a total of 90 registered Meals Tax collectors. 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
Applebee's	\$0.00	1
Black Bear Bistro	\$8,270.23	2
Ellie's Place	\$4,381.15	0
Fat Tuesdays	\$3,003.04	1
Great Harvest *	\$0.00	1
Little Caesars	\$0.00	1
Wild Hare Hard Cider	\$1,166.29	1

*\* error in filing using online payment system to be corrected by Great Harvest*

#### 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 \$27,158 less than March 2023. 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 over the past quarter.

#### WATER AND SEWER OPERATING A/R AGING

	<u>March 31, 2023</u>	<u>March 31, 2024</u>	<u>Incr./(Decr.)</u>
Over 30	55,987	42,310	(13,677)
Over 60	18,466	8,991	(9,474)
<u>Over 90</u>	<u>5,870</u>	<u>1,863</u>	<u>(4,007)</u>
Total	\$ 80,322	\$ 53,165	\$ (27,158)