

Quarterly Report

Department of Finance & Procurement



Town Council Meeting Date: August 12, 2025

Fourth Quarter 2025: April, May, June 2025

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:

Accounting and Financial Reporting:

- Annual external audit
 - Our external auditors, Brown, Edwards & Company, conducted their preliminary fieldwork for the fiscal year 2025 audit at the end of June.
 - Staff will close out fiscal year 2025 over the next few months.
 - Our external auditors will return the first week in October for final fieldwork.
 - The auditors will present the results of the fiscal year 2025 audit and Annual Comprehensive Financial Report to the Council at the December 2025 meeting.

Budget:

- Fiscal Year 2026 Adopted Budget:
 - The FY26 budget was adopted at the June Council meeting.
 - The adopted budget document and the adopted capital improvement plan will be finalized soon. Printed copies will be provided to all Council members.
 - The Finance Committee and staff are working with our financial advisors to ensure adequate funding is available to cover the capital projects included in the adopted budget.
- Staff will be seeking input regarding FY27 budget priorities from the Council at the August work session.

Tax Administration:

- Bank franchise tax payments were due on June 1st. The amount received fell short of the FY25 budgeted amount by \$285,315.
- Real estate tax and stormwater management fees for the first half of 2025 were due on June 15th. The collection percentage is 94.4%. Further information on collections is available beginning on page 8 of this report.
- Business license payments were due on June 30th. Renewal payments received after the due date will be accrued back to FY25 during the next two months. The category will likely meet the budgeted amount once the accruals are finalized.

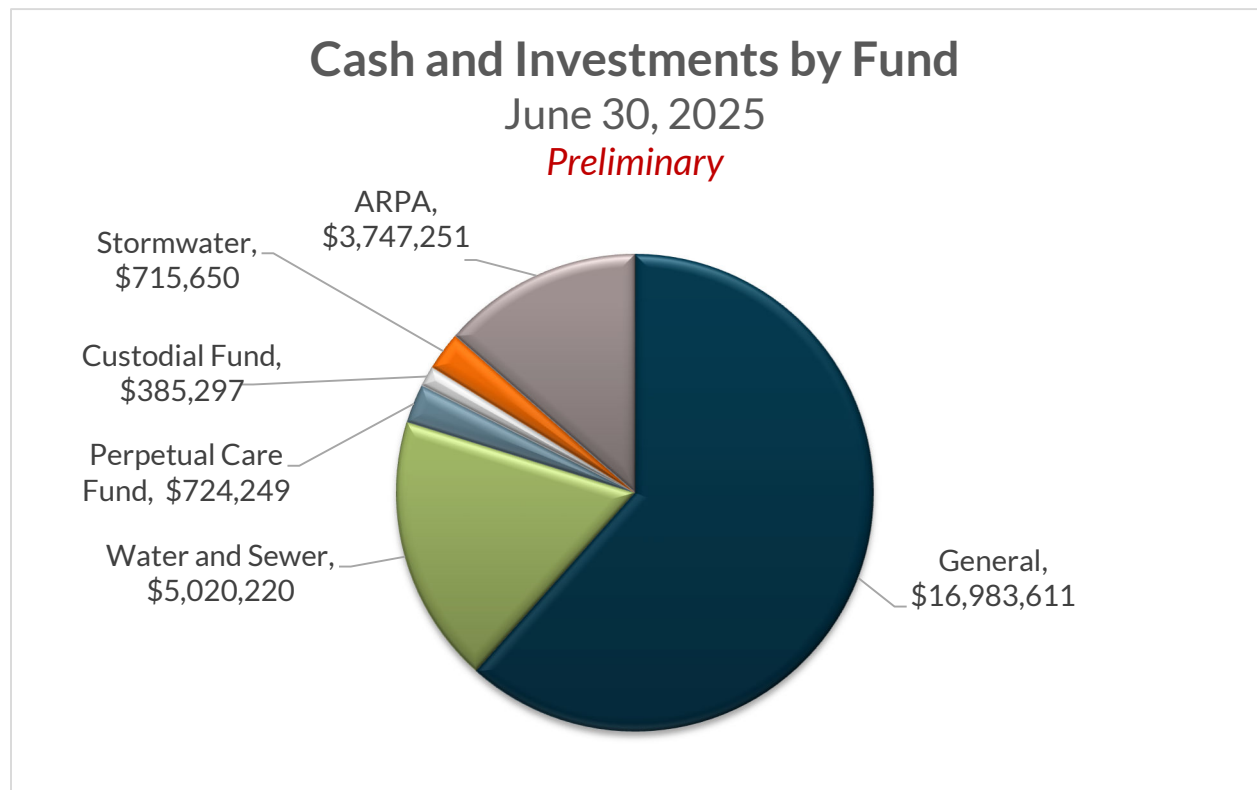
Charts and information:

The following charts are provided based on the information contained in the **attached PRELIMINARY financial statements for the period ending June 30, 2025.**

During the next several months, staff will close out fiscal year 2025. The amounts presented herein will change accordingly. Our external audit firm, Brown, Edwards & Company, will present the results of the annual external audit and the financials at the December Council meeting.

Cash and Investments

The following chart shows the cash and investment balances for each of the Town's major funds. The total has decreased by approximately \$8.4 million compared to the same period last year primarily due to the spending of ARPA funds and Water and Sewer capital spending.



Reserve Amounts

General Fund Unassigned Fund Balance

The council adopted a minimum unassigned fund balance policy for the General Fund equivalent to 50% of current adopted annual operating expenditure.

Fiscal Year	Preliminary UFB as Percentage of Budgeted Operating Expenditures
FY25	54.63%
FY26	52.88%

- **FY25:** The policy threshold for FY25 is \$9.4 million. As of June 30, 2025, the **preliminary** unassigned fund balance is \$10.2 million, or **54.6%**, which is \$864,485 above the policy threshold. This amount will change with year-end accruals.
- **FY26:** The policy threshold increases to \$9.6 million for the adopted FY26 budget. The current unassigned fund balance is **52.9%** when compared to the FY26 policy threshold.

Water and Sewer Fund Cash Balance

For the Water and Sewer fund, the Council adopted a policy to maintain a cash balance equivalent to 200 days of operating expenses.

Fiscal Year	Cash Balance Equivalent to Days of Operating Expenses
FY25	206
FY26	190

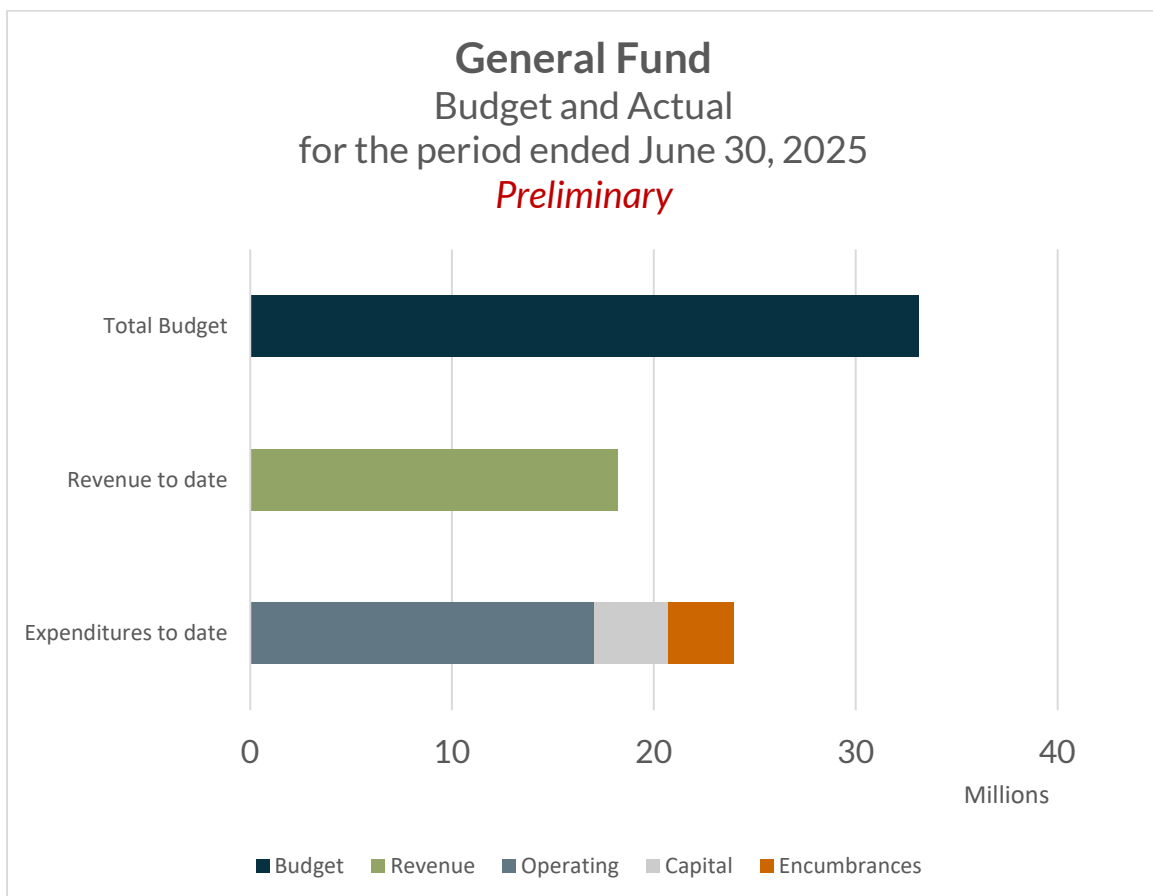
- **FY25:** The policy threshold is \$4.3 million for FY25. As of June 30, 2025, the cash balance in the fund is \$4.4 million, which is \$131,147 above the policy threshold. This is equivalent to **206** days of operating expenses.
- **FY26:** The policy threshold increases to \$4.7 million for the adopted FY26 budget. The current cash balance falls short of meeting the policy by \$243,453. This is equivalent to **190** days of operating expenses.

Budget and Actual by Fund

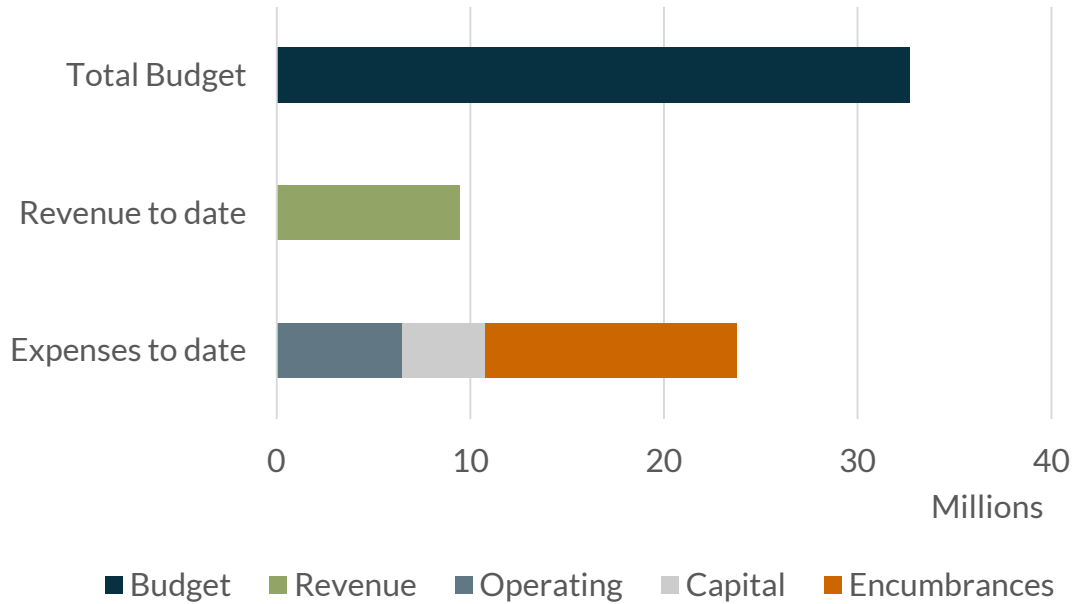
The following pages contain graphs for each fund that compare the budget to the actual revenue or expenditures recorded year-to-date. Capital projects are included for each fund. This can distort the budget-to-actual comparison, since most capital spending crosses over fiscal years.

Each graph shows:

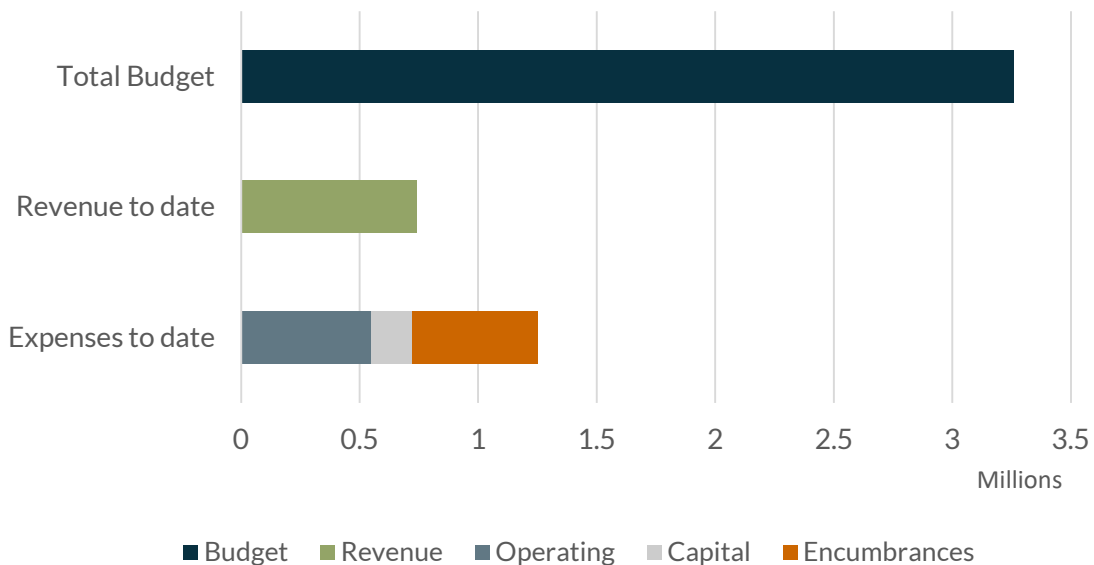
- the total budget for the fund, represented by the dark blue bar at the top of each graph.
- revenue received year-to-date, represented by the green bar.
- expenditures recorded year-to-date.
 - This is further broken down into
 - Operating (blue)
 - Capital (light gray)
 - Encumbrances (orange) – this 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.



Water and Sewer Fund
Budget and Actual
for the period ended June 30, 2025
Preliminary



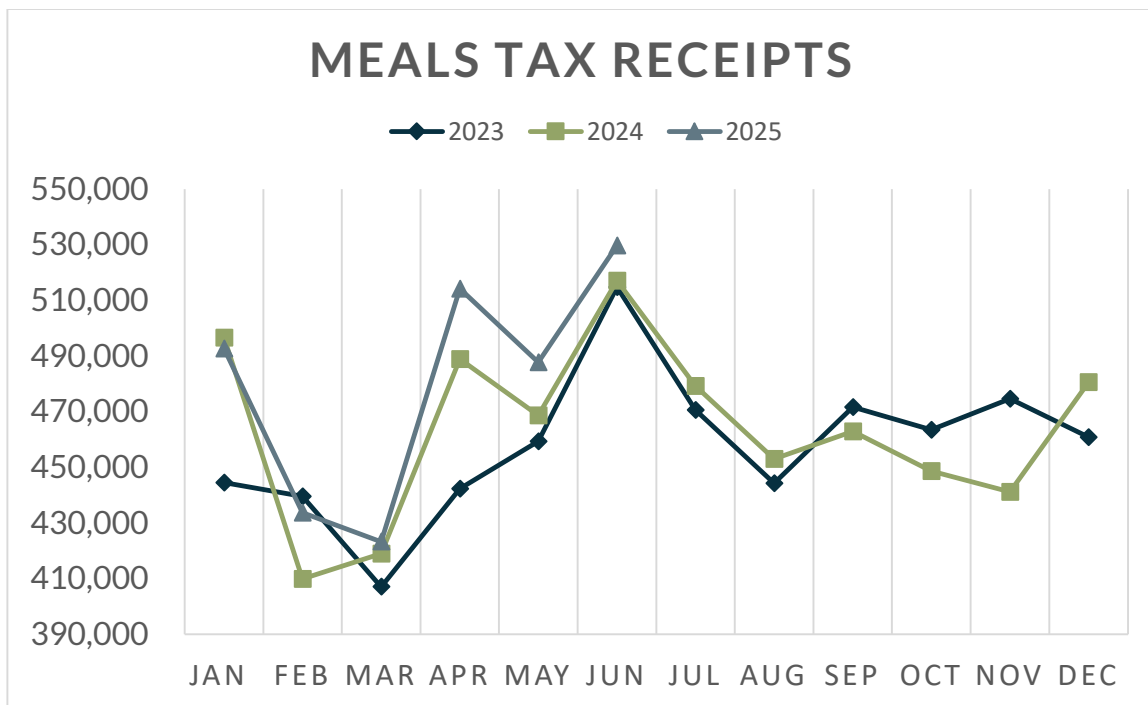
Stormwater Fund
Budget and Actual
for the period ended June 30, 2025
Preliminary



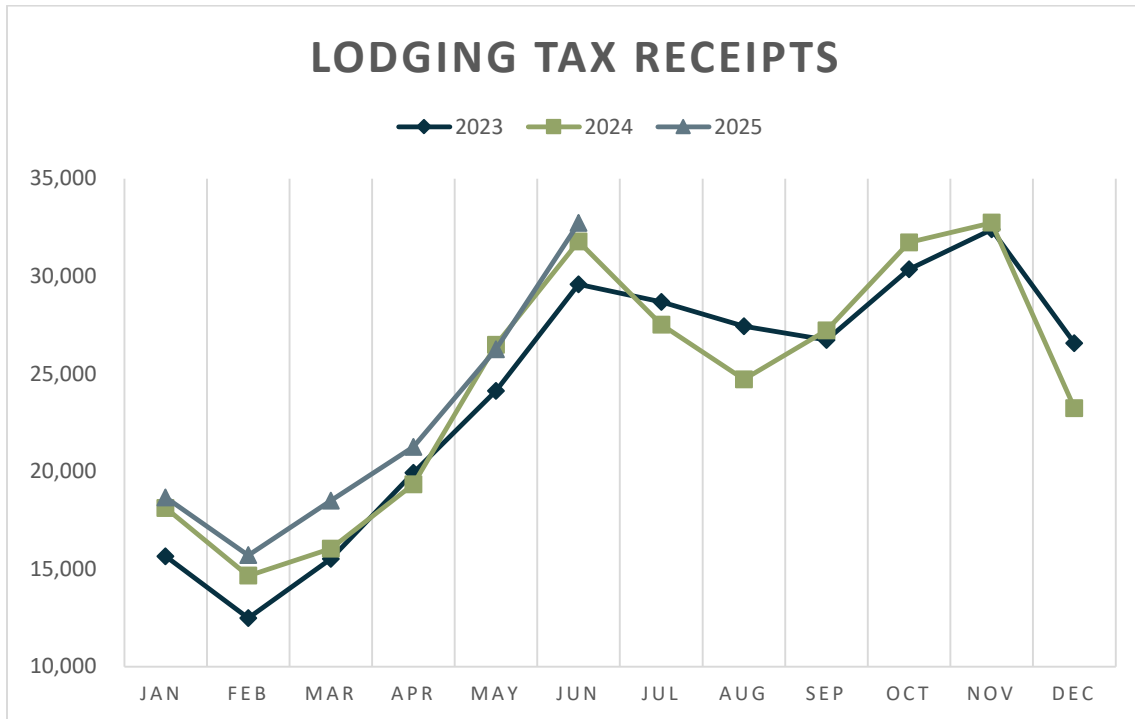
REVENUE TRENDS

A review of the 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 (2025) and two prior years (2024 and 2023). The monthly revenue categories are Meals Tax, Lodging Tax, Local Sales Tax, and Utility Billing Receipts.

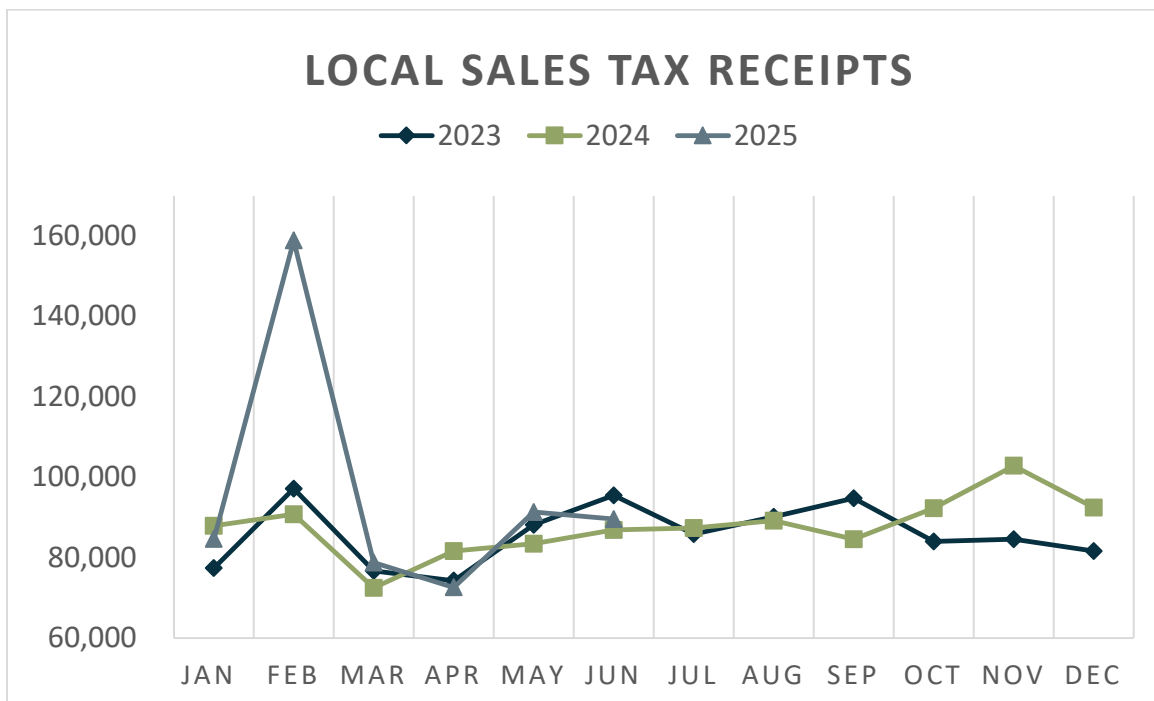
Meals Tax - This is the largest revenue source for the General Fund. Collections have increased in April, May, and June compared with prior year receipts.



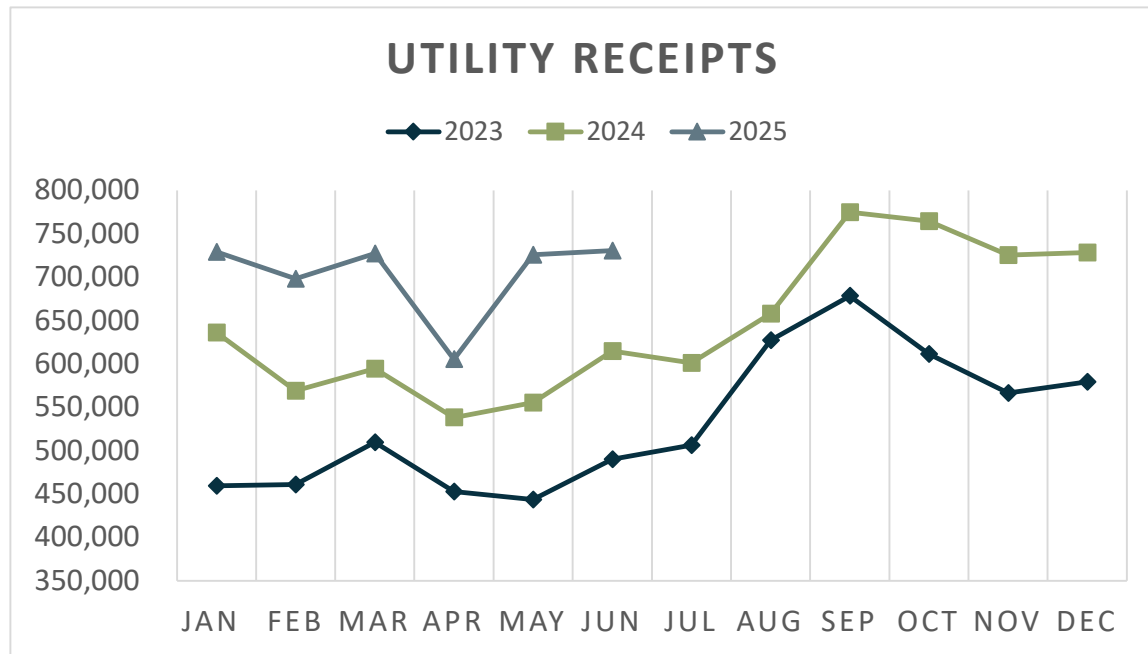
Lodging Tax – Lodging tax revenue has held steady in comparison to the same period in prior years.



Local Sales Tax – Sales Tax receipts for January and March through June trended consistent with 2024 but increased significantly in February. The remittance lags the month of collection by two months (e.g. – sales tax collected in December is received in February).



Utility Receipts - The chart below shows the monthly receipts for Water and Sewer bills. The increase in the August and September time frame for each year reflects the annual adopted rate increases of approximately 23% in accordance with the Water and Sewer rate study update finalized in 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 percentage collected and unpaid balances for FY24 and FY25 are shown below:

Fiscal Year	Real Estate Tax	Percentage Collected	Unpaid Balance
FY24	2nd half, CY2023	99.5%	\$2,108.01
FY24	1st half, CY2024	99.4%	\$2,429.51
FY25	2nd half, CY2024	99.3%	\$2,962.83
FY25	1st half, CY2025	94.4%	\$32,189.02

Fiscal Year	Stormwater Utility Fee	Percentage Collected	Unpaid Balance
FY24	2nd half, CY2023	99.6%	\$1,277.73
FY24	1st half, CY2024	99.6%	\$1,602.88
FY25	2nd half, CY2024	99.3%	\$2,366.57
FY25	1st half, CY2025	93.1%	\$24,839.52

Personal Property Tax and Vehicle License Fee

Personal Property taxes and vehicle license fees are due once a year on December 15th. The percentage collected and unpaid balances for the December 15, 2024, billing are shown below:

Fiscal Year	Type	Percentage Collected	Unpaid Balance
FY25	Personal Property Tax	97.8%	\$26,048.03
FY25	Business Personal Property Tax	98.1%	\$8,290.10
FY25	Vehicle License Fee	85.0%	\$34,069.21

Business License Tax

Business license renewal applications are due annually on April 15th for the license 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 current and last three years.

Fiscal Year	Type	Percentage Collected	Unpaid Balance
FY23	Business License 2023	99.4%	\$13,097.12
FY24	Business License 2024	99.3%	\$16,793.61
FY25	Business License 2025	99.0%	\$25,183.44
FY26	Business License 2026	94.8%	\$116,772.76

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.

Past Due Amounts and Delinquent Filings: The Town has a total of 89 registered Meals Tax collectors. The following businesses have past due Meals Tax balances or are not current on their filings.

Balance Due Range	Business	No. of Months Past Due Filing
< \$10,000	Fat Tuesday's	0
	Little Caesars	0
	Talk of the Mountain	0
	Weirddoughs	0
	Wild Hare Hard Cider	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 has increased by \$15,760 compared to June 2024. This represents an 18.4% increase over FY24.

WATER AND SEWER OPERATING A/R AGING

	June 30, 2024	June 30, 2025	Incr./ (Decr.)
Over 30	\$ 66,596	\$ 76,958	\$ 10,362
Over 60	16,144	19,981	3,837
<u>Over 90</u>	<u>3,027</u>	<u>4,588</u>	<u>1,561</u>
Total	\$ 85,767	\$ 101,527	\$ 15,760