

MEMORANDUM

TO: Mayor and Board of Commissioners

FROM: Mandy Cartrette, Finance Officer

SUBJECT: Mid-year Report on the Fiscal Year 2013-2014 Budget

DATE: February 10, 2014

The purpose of this memorandum is to give the Board of Commissioners a mid-year report on budget performance for fiscal year 2013-2014.

GENERAL FUND

1. Revenues. Overall, general fund revenues are at nearly 68.5% of the budget at the end of January.

- a. The Town had collected 80% of its budgeted property tax revenues in January which accounted for collections through December 2013. To avoid a penalty, citizens must pay their property taxes in January; thus, the Town receives the majority of its property tax revenue in December. The Town expects to receive approximately \$200,000 in revenue for January collections in February. That would bring the Town's property tax collections to 93%, and Town staff expects to collect the full amount of \$1,599,976 by the fiscal year end.
- b. Motor vehicle tax collections were \$101,056 (96.3%) at the end of January. The Town has exceeded its estimate for motor vehicle taxes because the NCDMV now collects motor vehicle taxes at the time that a vehicle is registered. Previously, the county tax office mailed motor vehicle tax bills after the vehicle registration was renewed, and the bills were not due until three months after the registration renewal.
- c. The Town had collected 46.3 % of our local sales tax allocations as of the end of January; however, due to a two-month lag in the collection of sales taxes and distribution from the State of North Carolina, the amount that we have collected does not include the months of December and January. Based on a collection period of five months, the Town is on target for its sales tax revenues for the year.
- d. The Town had collected \$47,419 (25.9%) of its utility franchise taxes at the end of January. However, please keep in mind that the Town does experience a lag time between collections and distributions from the State of North Carolina for these taxes, as well. The Town receives four quarterly distributions of these taxes. For July – September 2013, the Town received its quarterly distribution in December 2013. The Town has received one allocation for this fiscal year, and like the sales tax collections, the Town is where it should be for the year.
- e. The Town has already exceeded its budget for ABC revenues. As the Board knows, the ABC Board generously gave the Town a check for \$25,000 which was

above and beyond the required ABC profit distribution to which the Town is entitled.

2. Expenditures. As of January 31, 2014, overall General Fund expenditures are at 49.2 % of the budget. Please see the attached financial summary report and the expenditure statement for a breakdown of expenditures by department.

ENTERPRISE FUND

1. Revenues. Overall, water and sewer fund revenues are at 42.1% of the budget at the end of January. Water revenues were \$620,513 (49.3%) and sewer revenues were \$564,313 (52.7%). The Town has a one-month lag time between billing and collection of these revenues; for example, the water and sewer usage for November 15th through December 15th was billed in January. The Town should have collected about 50% of its estimated revenue at this point in the fiscal year, and it has performed as expected. Comparatively, in FY 2012/2013, the Town had collected \$569,236 (46.6%) for water charges and \$498,059 (47.8%) for sewer charges at of the end of January 2013.

2. Expenditures. As of January 31, 2014, overall General Fund expenditures are at 45.8 % of the budget. Please see the attached financial summary report and the expenditure statement for a breakdown of expenditures by department.