

Finance Committee

Meeting Agenda



**October 13, 2020
(2:00pm - 4:00pm)
Electronic Meeting**

Welcome/Open Meeting

- Review of Revenue/Expenditures in Operating Funds
- Review of License sales trends
- Review of Endowment fund transfer - BIF to EIF
- Impact on available interest with current BIF/EIF allocation
- Lifetime license pricing analysis (Southwick Associates study)

Landon Zimmer

DP Singla

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Additional Topics

Landon Zimmer

Adjourn

NCWRC Finance Committee Meeting



Zoom Webinar

Oct 13, 2020

Dr. DP Singla, CFO

Agenda

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Review of Revenue/Expenditures

NORTH CAROLINA WILDLIFE RESOURCES COMMISSION
 CAFR 526 - STATEMENT OF REVENUES, EXPENDITURES and CHANGES in FUND BALANCES
 GOVERNMENTAL FUNDS - COMPARATIVE
 AS OF AUGUST 31, 2020

	REVENUES				EXPENDITURES				OTHER FINANCING SOURCES			
	FY 2021 General	FY 2020 General	\$ Change	% Change	FY 2021 Capital Improvement	FY 2020 Capital Improvement	\$ Change	% Change	FY 2021 General	FY 2020 General	\$ Change	% Change
Federal funds	6,213,235.72	6,366,831.54	(153,595.82)						168,230.74	43,505.51	124,725.23	
Local funds	552.87	1,304.10	(751.23)		525,223.00	244,382.00	280,841.00		9,655,050.59	7,962,085.15	1,692,965.44	21%
Investment earnings	21,598.73	31,742.21	(10,143.48)		0.00	0.00	0.00		1,983,272.00	2,785,613.00	(802,341.00)	
Sales and services	1,801,232.58	1,565,104.81	236,127.77		0.00	0.00	0.00					
Rental and lease of property	16,950.00	400.00	16,550.00		0.00	0.00	0.00					
Fees, licenses and fines	6,742,834.59	5,858,337.02	884,497.57		0.00	0.00	0.00					
Contributions, gifts and grants	524,039.33	53,497.79	470,541.54		382,994.33	2,824.00	380,170.33					
Miscellaneous	295.00	351,907.60	(351,612.60)		0.00	0.00	0.00					
Unclassified/invalid accounts	0.00		0.00		419.62		419.62					
TOTAL REVENUES	27,127,292.15	25,020,328.73	2,106,963.42		1,573,286.95	307,883.95	1,265,403.00					
EXPENDITURES												
Personal services	5,920,903.01	5,738,875.02	182,027.99		0.00	0.00	0.00					
Employee benefits	2,673,635.82	2,478,030.59	195,605.23		0.00	0.00	0.00					
Contracted personal services	1,300,236.10	2,242,855.94	(942,619.84)		27,274.67	108,462.16	(81,187.49)					
Supplies and materials	1,019,302.63	1,619,039.74	(599,737.11)		0.00	3,525.72	(3,525.72)					
Travel	23,740.86	75,109.50	(51,368.64)		0.00	0.00	0.00					
Communication	127,147.36	124,450.55	2,696.81		0.00	0.00	0.00					
Utilities	113,506.72	134,891.43	(21,384.71)		0.00	0.00	0.00					
Data processing services	386,532.34	113,675.01	272,857.33		0.00	0.00	0.00					
Other services	663,734.73	561,697.46	102,037.27		0.00	0.00	0.00					
Claims and benefits	243,233.82	237,074.76	6,159.06		0.00	0.00	0.00					
Other fixed charges	32,981.11	55,102.98	(22,121.87)		0.00	0.00	0.00					
Capital outlay	221,883.86	798,125.84	(576,241.98)		1,187,028.84	382,217.42	804,811.42					
Grants, state aid and subsidies	880,393.11	455,587.35	424,825.76		0.00	0.00	0.00					
Insurance and bonding	14,613.00	40,619.00	(26,006.00)		0.00	0.00	0.00					
Other expenditures	175,111.67	147,940.26	27,171.41		0.00	4,009.04	(4,009.04)					
Reimbursements	(44,547.13)	(201,735.75)	157,188.62		0.00	0.00	0.00					
Unclassified/invalid accounts	35,889.88	31,656.78	4,233.10		0.00	0.00	0.00					
TOTAL EXPENDITURES	13,788,296.89	14,652,976.46	(864,679.57)		1,214,303.51	498,214.34	716,089.17					
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	13,338,995.26	10,367,352.27	2,971,643.99		358,983.44	(190,330.39)	549,313.83					
OTHER FINANCING (USES)												
Transfers out	(10,622,188.92)	(8,955,395.46)	(1,666,793.46)		(350,000.00)	0.00	(350,000.00)					
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	2,716,806.34	1,411,956.81	1,304,849.53		8,983.44	(190,330.39)	199,313.83					
FUND BALANCE - JULY 1, As previously stated	16,536,637.23	15,317,893.28	1,218,743.95		3,315,170.42	3,983,533.15	(668,362.73)					
FUND BALANCE - AUGUST 31, 2020	\$19,253,441.57	\$16,729,850.09	\$2,523,591.48		\$3,324,153.86	\$3,793,202.76	-\$469,048.90					



Review of License sales trends

Category	01/01/2019-09/30/2019 Revenue	01/01/2020-09/30/2020 Revenue	Increase
Annual/Short-Term Hunt	\$1,893,388	\$2,353,717	24%
Annual/Short-Term Fish	\$7,439,678	\$9,191,809	24%
Annual/Short-Term Combo Hunt/Fish	\$2,421,925	\$2,997,293	24%
Annual Unified Inland/CRFL	\$1,045,450	\$1,886,150	80%
Annual Unified Sportsman/CRFL	\$1,324,600	\$1,583,322	20%
Vessel	\$10,130,740	\$11,114,020	10%
CRFL Fees	\$663,926	\$729,290	10%
Customer Transaction Fees	\$485,072	\$741,464	53%



Review of Endowment fund transfer - BIF to EIF

NC Wildlife Endowment Fund				
BNY Mellon Transaction Activity				
for the period July 2020 to June 2021				
			Cumulative BIF	
	July BIF Activity	August BIF Activity	July 1, 2020 - June 30, 2021	
Bond Index Fund				
Beginning Balance	\$ 93,870,155.60	\$ 93,785,383.53	\$ 93,870,155.60	
Transfer to EIF	\$ (1,500,000.00)	\$ (1,500,000.00)	\$ (3,000,000.00)	
BIF unrealized gain/(loss)	\$ 1,221,802.56	\$ (976,354.52)	\$ 245,448.04	
BIF realized gain/(loss)	\$ (21,161.00)	\$ (15,083.55)	\$ (36,244.55)	
BIF interest earned	\$ 214,586.97	\$ 210,555.84	\$ 425,142.21	
Investment Mgr Fees			\$ -	
Master Trust Investment Gain/(Loss)		\$ 725.00	\$ 725.00	
Distribution to Plan Administrator (Withdrawals)			\$ -	
Received from Plan Administrator			\$ -	
BIF calculated balance	\$ 93,785,383.53	\$ 91,505,226.30	\$ 91,505,226.30	
BIF per BNY/Mellon balance	\$ 95,285,383.53	\$ 93,005,226.30	\$ 96,685,007.12	
BIF BNY/Mellon Balance with Pending Trade	\$ 93,785,383.53	\$ 91,505,226.30	\$ 91,505,226.30	
Variance	\$ -	\$ -	\$ -	
Total Return in \$'s	\$ 1,415,227.93	\$ (780,157.23)	\$ 635,070.70	
Total Return %	1.51%	-0.83%	0.66%	
Total Return Net of Transfers In & Out	1.18%	-0.65%	0.52%	
Equity Index Fund				
	July EIF Activity	August EIF Activity	Cumulative EIF	
			July 1, 2020 - June 30, 2021	
Beginning Balance	\$ 48,296,288.52	\$ 52,357,310.02	\$ 48,296,288.52	
Transfer from BIF	\$ 1,500,000.00	\$ 1,500,000.00	\$ 3,000,000.00	
EIF unrealized gain/(loss)	\$ 2,562,783.96	\$ 3,214,415.32	\$ 5,777,199.28	
EIF realized gain/(loss)	\$ 187.95	\$ 252.98	\$ 440.93	
EIF interest earned	\$ 0.37	\$ 0.26	\$ 0.63	
Investment Mgr Fees	\$ (1,950.78)	\$ (1,981.97)	\$ (3,932.75)	
Realized Gain/Loss at Average Cost			\$ -	
December 2018 variance in EIF Unrealized Gain/Loss			\$ -	
EIF calculated balance	\$ 52,357,310.02	\$ 57,069,996.61	\$ 57,069,996.61	
EIF per BNY/Mellon balance	\$ 52,357,310.02	\$ 57,069,996.61	\$ 57,069,996.61	
Variance	\$ -	\$ -	\$ -	
Total Return in \$'s	\$ 2,561,021.50	\$ 3,212,686.59	\$ 5,773,708.09	
Total Return %	5.30%	6.14%	11.76%	
Total Return Net of Transfers In & Out	25.61%	32.13%	65.96%	
Portfolio Summary				
BIF - Market Value	\$ 93,785,383.53	\$ 91,505,226.30	\$ 91,505,226.30	% of Portfolio
EIF - Market Value	\$ 52,357,310.02	\$ 57,069,996.61	\$ 57,069,996.61	62%
Total Market Value	\$ 146,142,693.55	\$ 148,575,222.91	\$ 148,575,222.91	38%
				100%

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Impact on available interest with current BIF/EIF allocation

BNY Mellon Investment Income Analysis (Expendable Income, no Unrealized Gain/Loss)

For the 27 month period March 2016 - May 2018 (Bond Index Fund)

Avg Monthly BNY Investment Income (**before** Equity Index Fund implemented) \$ 285,711.62

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BNY Mellon Investment Income Analysis (Expendable Income, no Unrealized Gain/Loss)

For the 27 month period June 2018 - August 2020 (Bond Index Fund + Equity Index Fund)

Avg Monthly BNY Investment Income (**after** Equity Index Fund implementation – June 2018) \$ 205,579.26

Average **Monthly** Change in Realized Investment Income since EIF inception \$ 80,132.36

Monthly Change - Annualized \$ 961,588.32



Lifetime license pricing analysis (Southwick Associates study)

Lifetime License Pricing

1. Efficient lifetime license prices are based on the average number of years the average customer hunts and/or fishes in their lifetime.
2. Considerations are made for the differing rates of buying licenses at different age levels.
3. The total expected lifetime expenditure on licenses, based on today's price, is then converted into today's dollars using the "present value" concept.



Lifetime license pricing analysis (Southwick Associates study)

Recommended Minimum Lifetime License Prices

Age Cohort	<u>Fishing</u>		<u>Hunting</u>		<u>Sportsman</u>		<u>Unified Sportsman</u>	
	Breakeven	Current	Breakeven	Current	Breakeven	Current	Breakeven	Current
Under 5	\$106	\$250	\$163	250	\$329	\$200 ^A	\$497	\$275 ^A
5 to 9	\$121	\$250	\$187	\$250	\$377	\$350 ^B	\$570	\$450 ^B
10 to 15	\$139	\$250	\$216	\$250	\$434	\$500 ^C	\$655	\$675 ^C
16 to 19	\$128	\$250	\$216	\$250	\$492	\$500	\$716	\$675
20 to 29	\$115	\$250	\$173	\$250	\$487	\$500	\$630	\$675
30 to 49	\$93	\$250	\$181	\$250	\$357	\$500	\$489	\$675
50 to 64	\$44	\$250	\$84	\$250	\$139	\$500	\$189	\$675

**Based on the return from the perpetuity revenue of lifetime license fee.*

A: price for infants under 1 year old B: price for youth ages 1 to 11. C: price for sportsmen ages 12 and older.

1. License prices for youths under 16 are lower than older youth as their revenues will grow via compounding interest until the owner reaches age 16.
2. Revenue effects from WSFR funds are not considered based on the limited control the NCWRC has over long-term WSFR policies and allocations.



Review of License sales trends

Item Description	Term	2019 Price	1/1/2019 - 9/30/2019 Sales	1/1/2019 - 9/30/2019 Revenue	2020 Price	1/1/2020 - 9/30/2020 Sales	1/1/2020 - 9/30/2020 Revenue
Ltime Comprehensive Hunt	Lifetime	\$250.00	254	\$63,500.00	\$265.00	436	\$115,540.00
Ltime Comp Inland Fish	Lifetime	\$250.00	626	\$156,500.00	\$265.00	1185	\$314,025.00
Res Sportsman Adult	Lifetime	\$500.00	516	\$258,000.00	\$530.00	803	\$425,590.00
Sportsman Youth	Lifetime	\$350.00	277	\$96,950.00	\$371.00	265	\$98,315.00
Sportsman Infant	Lifetime	\$200.00	1,695	\$339,000.00	\$212.00	1,601	\$339,412.00
NonRes Sportsman Adult	Lifetime	\$1,200.00	32	\$38,400.00	\$1,272.00	33	\$41,976.00
Res CRFL Adult	Lifetime	\$250.00	279	\$69,750.00	\$265.00	375	\$99,375.00
NR CRFL Adult	Lifetime	\$500.00	7	\$3,500.00	\$530.00	18	\$9,540.00
CRFL Infant	Lifetime	\$100.00	59	\$5,900.00	\$106.00	76	\$8,056.00
CRFL Youth	Lifetime	\$150.00	64	\$9,600.00	\$159.00	67	\$10,653.00
Unified Sptm/CRFL Infant	Lifetime	\$275.00	3,707	\$1,019,425.00	\$292.00	3,561	\$1,039,812.00
Unified Sptm/CRFL Youth	Lifetime	\$450.00	407	\$183,150.00	\$477.00	459	\$218,943.00
Res Uni Sptm/CRFL Adult	Lifetime	\$675.00	792	\$534,600.00	\$716.00	965	\$690,940.00
NR Uni Sptm/CRFL Adult	Lifetime	\$1,550.00	8	\$12,400.00	\$1,643.00	14	\$23,002.00
Ltime Unified Inland/CRFL	Lifetime	\$450.00	494	\$222,300.00	\$477.00	932	\$444,564.00
Ltime Trapping	Lifetime	Available 1/1/2020			\$300.00	92	\$27,600.00
Ltime Comprehensive Hunt	Lifetime Firefighter	Available October 2019			\$132.50	4	\$530.00
Ltime Comp Inland Fish	Lifetime Firefighter	Available October 2019			\$132.50	22	\$2,915.00
Res Sportsman Adult	Lifetime Firefighter	Available October 2019			\$265.00	203	\$53,795.00
Res Uni Sptm/CRFL Adult	Lifetime Firefighter	Available October 2019			\$358.00	388	\$138,904.00
Res CRFL Adult	Lifetime Firefighter	Available October 2019			\$132.50	8	\$1,060.00
Ltime Unified Inland/CRFL	Lifetime Firefighter	Available October 2019			\$238.50	23	\$5,485.50
Ltime Trapping	Lifetime Firefighter	Available October 2019			\$150.00	2	\$300.00
Total Sales			9,217	\$3,012,975.00		11532	\$4,110,332.50



Q&A

Q&A

