



## 4Waynesboro City Council Agenda Briefing

<b>Meeting Date:</b>	<b>May 22, 2023</b>	<b>Staff/Council Member(s):</b> Cameron S. McCormick, CPA – Assistant City Manager - Finance
<b>Agenda Item #</b>	16	
<b>Resolution#</b>	N/A	
<b>Department:</b>	<b>City Manager's Office/Finance Department</b>	
<b>Subject:</b>	<b>3<sup>rd</sup> Quarter Financial Report</b>	

### **Finance Report:**

The City's FY2023 Third Quarter Report (the period ending on March 31) is attached for the City Council's review. The report details expenditures and revenues by department and/or category for the General Fund and the Enterprise Funds (Water, Sewer, Refuse, and Stormwater Funds). The report provides the revised budget, actual expenditures or revenues, the available budget (remaining fiscal year balance), and the percentage of funds spent or collected.

With 75 percent of the fiscal year elapsed, revenues and expenditures across all funds are trending as expected. The City's total General Fund revenue collections were slightly above 84 percent of the annual budgeted amounts, and expenditures were well below 75 percent of the annual budget. Water, Sewer, Stormwater, and Refuse fund expenses are below the 75 percent mark due to large capital expenses, debt-related expenses, and some transfers not yet made. The operation lines for those funds are all hovering around 50 to 65 percent, which is to be expected as payroll lags when accounting on a cash basis and significant vacancies in some funds. Water, Sewer, and Refuse Fund charges for service are less than 75 percent due to the cycles generally billing a month to two months behind. Stormwater revenue is billed in two installments, only one of which had been generated before the third quarter, therefore, approximately 50 percent of revenue generation is yet to be billed.

In reality, revenue and expenditure activity isn't distributed evenly throughout the budget year, so one shouldn't expect that all revenues and expenditures will track at precisely 25 percent per quarter. Some activities are seasonal (i.e. parks maintenance and pool operation). Some obligations (i.e. insurance payments, debt service and maintenance contracts) are paid annually or semi-annually and most inter-fund transfers are posted in July for the entire budget year.

Likewise, many revenues are cyclical. Real property taxes and stormwater fees are collected semi-annually. Sales tax reporting lags by two months. Sales, meals and lodging taxes tend to demonstrate seasonal fluctuation. None-the-less, quarterly reporting, especially for the seasoned user, can alert management and the Council to general trends or looming concerns.

### **Finance Update:**

As the operating budget process concludes, staff intends to bring two budget amendments over the next two months. The first amendment will amend the 2023 budget by appropriating fund balance from the General Fund to the CIP fund to fund the remainder of the 2024 CIP plan. This amendment will be brought in June. This ordinance will also likely contain a few miscellaneous appropriations from departments and the schools as we wrap up the current fiscal year's amendment process. The second amendment is a 2024 adjustment to appropriate fund balance in the General Fund to fund small capital needs in the General Fund and a net position appropriation in the Enterprise Funds to fund various capital items. The second appropriation will be brought for consideration in July. Finally, the City's external auditors were on staff to complete preliminary fieldwork during the week of May 15. The auditors will return in September for final field work with an expected audit completion in November and presentation to Council in December.