



To: Ken F. Larking, City Manager

From: Michael L. Adkins, Chief Financial Officer

Date: September 11, 2023

Subject: Summary of Preliminary General Fund Financial Results for August 31, 2023

After completing the first two months of the new fiscal year, revenues are tracking well with budget and ahead of the previous year. As of August 31, General Fund revenues were \$17,575,193. This represents 12.7% of our FY 2024 budget. Last year at this time, we had collected \$14,608,869 or 12.1% of budget. The increase over the prior year is primarily from growth in local taxes, as well as an increase in interest earnings stemmed from a rise in interest rates.

We continue to see steady performance in the collection of delinquent real estate taxes with \$237,133 realized in the first two months of this fiscal year. This accounts for 26.4% of the current year budget. Tax bills for FY 2024 will be mailed in November and we will begin realizing collection of current real estate and personal property taxes at that time. Local taxes collected through August 31, were \$5,973,501, or 14.85% of budget. This exceeds FY 2023 collections by \$1 million. About half, or \$535,210 of this increase is directly related to casino payments. The remaining increase is found in other sources of local taxes.

Regarding local taxes, sales tax collections through August amounted to \$2,068,733, or 18.2% of budget, an increase of \$251,902 over the prior year. Meals taxes collected for the first two months of the fiscal year amounted to \$2,052,319 or 18.9% of budget, an increase of \$171,544 from last year. Business Licenses realized at the end of August were \$459,733, an increase of \$42,499 from the prior year. Lodging taxes received as of August 31, were \$545,340 or 22.1% of budget, an increase of \$99,853 from the prior year. All other revenue categories, except for Utility taxes, Recordation tax, and DMV fees, exceeded the prior year and are tracking well with budget at this point.

Expenditures through August 31 were \$32,594,682 or 21.9% of budget. This is an overall increase of \$12.2 million when compared to August 31, 2022. Departmental spending for the first two months of the fiscal year amounted to \$14.5 million or 16.7% of budget, an increase of \$2.2 million over the prior year. The increase in departmental spending is primarily attributed to an increase in salaries and benefits over the prior year as well as timing differences for contributions to other entities (i.e. IDA, Business Development Agencies). The remaining overall increase is attributable to increased transfers to

Danville Public Schools from FY 2023 commitments that were encumbered at June 30, 2023.

Fund expenditures exceeded revenues by \$15,019,489. This is typical for the start of the fiscal year in the General Fund because the timing of the revenue recognition is not matched to expenditures. At this point, the General Fund is performing well compared to the current budget.

CITY OF DANVILLE, VIRGINIA

GENERAL FUND REPORT

17% OF YEAR LAPSED AS OF AUGUST 31, 2023

PRE-CLOSING FIGURES - SUBJECT TO CHANGE - UNAUDITED

	Budgets & Appropriations For Current Year	Actual Revenues & Expenditures For Year-to-Date	Percent Realized/Expended This Year	Encumbrances	Balance to be Realized/Expended	Actual Revenues & Expenditures At This Date Last Year
REVENUES:						
Property Taxes	\$ 38,347,010	\$ 3,726,497	9.72%		\$ 34,620,513	\$ 1,845,323
Other Local Taxes	40,230,430	5,973,501	14.85%		34,256,929	4,910,072
License Permits & Privilege Fees	424,040	182,725	43.09%		241,315	150,857
Fines & Forfeitures	277,760	42,928	15.46%		234,832	42,398
Revenue From Use Money & Property	1,969,170	891,096	45.25%		1,078,074	177,473
Charges For Services	3,140,340	674,478	21.48%		2,465,862	634,777
Miscellaneous Revenue	25,100	82,489	328.64%		(57,389)	70,479
Recovered Cost	8,897,070	940,861	10.57%		7,956,209	1,118,230
Non-Categorical Aid	13,382,620	450,624	3.37%		12,931,996	1,240,392
Shared Expenses (Categ. Aid State)	6,021,050	965,585	16.04%		5,055,465	817,390
Categorical Aid (State)	10,223,090	1,046,408	10.24%		9,176,682	1,016,646
Emergency Services (Federal)	27,020	-	0.00%		27,020	-
Categorical Aid (Federal)	-	-			-	-
Transfers From Utilities	15,588,000	2,598,000	16.67%		12,990,000	2,584,833
TOTAL REVENUES	\$ 138,552,700	\$ 17,575,193	12.68%		\$ 120,977,507	\$ 14,608,869
EXPENDITURES:						
General Government Administration	\$ 14,177,490	\$ 3,407,473	24.03%	\$ 318,892	\$ 10,451,125	\$ 3,164,853
Judicial Administration	8,921,750	1,426,348	15.99%	27,900	7,467,502	1,300,745
Public Safety	38,295,740	5,745,484	15.00%	751,848	31,798,408	5,105,173
Public Works	5,251,410	685,867	13.06%	266,132	4,299,411	724,583
Health, Education, Welfare & Soc. Svc.	9,980,630	1,155,948	11.58%	45,032	8,779,650	1,011,738
Parks, Recreation & Cultural	6,296,580	892,169	14.17%	62,108	5,342,304	723,624
Community Development	3,543,580	1,169,377	33.00%	218,564	2,155,639	276,391
Non-Departmental	18,701,500	2,285,437	12.22%	-	16,416,063	3,065,674
Transfer to Schools - Operating	36,633,907	15,343,805	41.88%	-	21,290,102	4,853,995
Transfer to Capital Projects	1,015,000	-	0.00%	-	1,015,000	165,000
Transfer to Other Funds	6,270,780	482,775	7.70%	-	5,788,005	140
TOTAL EXPENDITURES	\$ 149,088,367	\$ 32,594,682	21.86%	\$ 1,690,476	\$ 114,803,210	\$ 20,391,917
Revenue over(under) Expenditures		\$ (15,019,489)				\$ (5,783,048)
FUND BALANCE:						
Beginning Fund Balance 07/01/2023		\$ 55,064,111				\$ 46,401,528
Revenue over(under) Expenditures		(15,019,489)				(5,783,048)
Ending Fund Balance 08/31/2023		\$ 40,044,622				\$ 40,618,480
Composition of Fund Balance:						
Reserved for Encumbrances/Designated Funds		\$ 6,253,962				\$ 27,927,181
Unassigned		33,790,661				12,691,299
TOTAL FUND BALANCE 08/31/2023		\$ 40,044,622				\$ 40,618,480

**CITY OF DANVILLE, VIRGINIA
GENERAL FUND
COMPOSITION OF FUND BALANCE
PRELIMINARY - AS OF AUGUST 31, 2023**

Beginning Total Fund Balance, July 1, 2023	55,064,111.17
Add: General Fund Revenues	17,575,192.86
Deduct: General Fund Expenditures	<u>(32,594,681.55)</u>
Ending Total Fund Balance, August 31, 2023	<u><u>40,044,622.48</u></u>

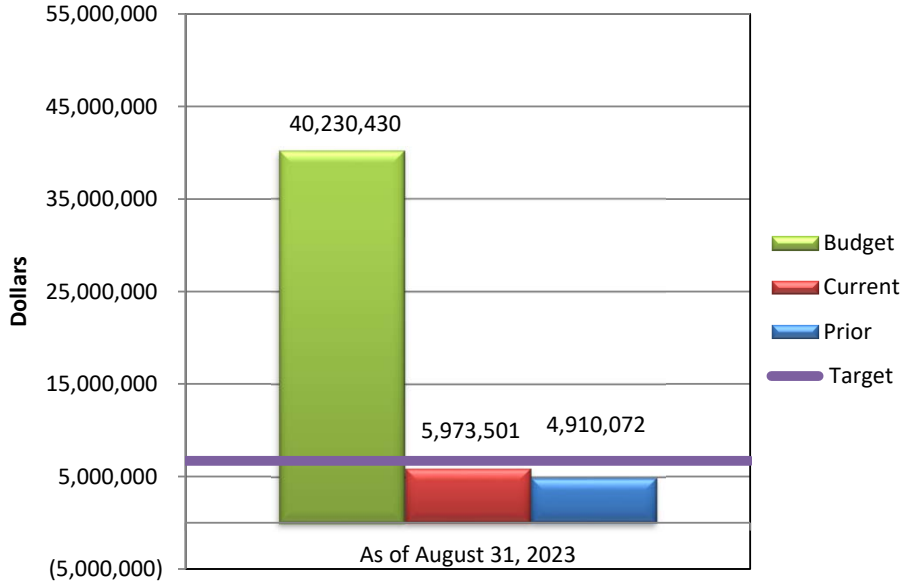
<u>Composition of Fund Balance:</u>	
Restricted for Commonwealth Attorney	92,172.53
Restricted for Police Department	40,351.66
Restricted for Fire Department	132,802.75
Committed for Sheriff's Department	9,808.73
Committed to Schools	796,363.72
Committed to Budget Stabilization	3,000,000.00
Assigned to Sheriff's Department	16,184.17
Assigned to Community Development	61,860.99
Assigned for Encumbrances	1,690,476.19
Nonspendable (Inventory and Prepaids)	413,940.95
UNASSIGNED	<u>33,790,660.79</u>
Total Fund Balance, August 31, 2023	<u><u>40,044,622.48</u></u>

Unassigned fund balance from above	33,790,660.79
Unassigned Minimum per policy (20% of General Fund Operating Revenues) based on FY 2024 budget	<u>27,710,540.00</u>
Current surplus (deficit) over (under) minimum	6,080,120.79

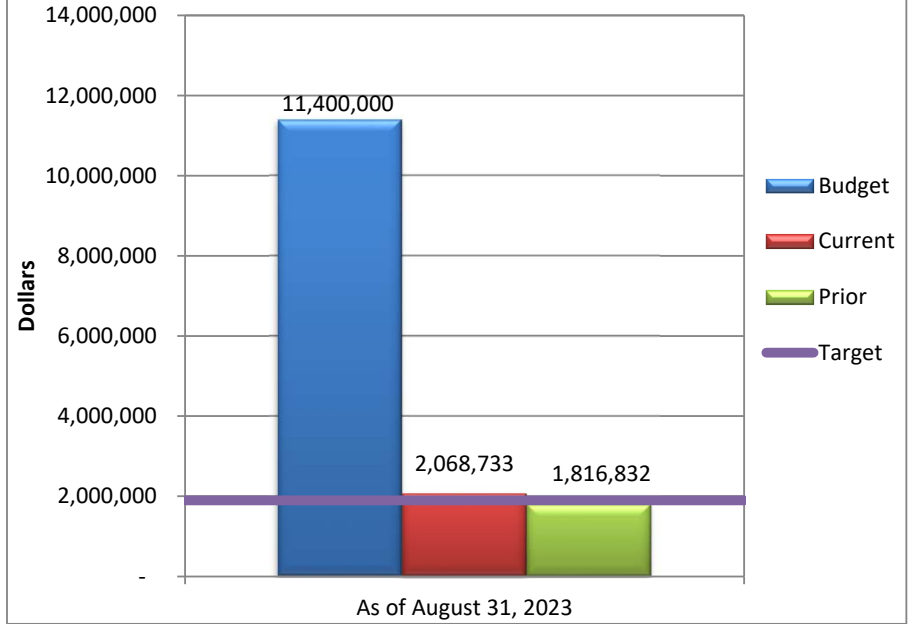
City of Danville, Virginia
Summary of Other Local Tax Revenues - PRE-CLOSING - UNAUDITED
For the period ending August 31, 2023

<u>Description</u>	<u>Current Budget</u>	<u>Revenue Realized</u>	<u>Percentage Realized</u>	<u>Prior Year Budget</u>	<u>Prior Year Realized</u>	<u>Percentage Prior Year</u>
Sales Tax	\$ 11,400,000	\$ 2,068,733	18.15%	\$ 10,115,880	\$ 1,816,832	17.96%
Business Licenses	6,800,000	459,733	6.76%	5,450,000	417,234	7.66%
Meals Tax	10,867,220	2,052,319	18.89%	8,471,320	1,880,775	22.20%
Utility Taxes	930,000	80,404	8.65%	940,000	94,175	10.02%
Vehicle License Fees	1,000,000	99,046	9.90%	1,000,000	95,232	9.52%
Bank Stock Tax	1,000,000	-	0.00%	940,000	-	0.00%
Recordation Tax	270,000	65,514	24.26%	200,000	91,279	45.64%
Hotel Motel Tax	2,467,230	545,340	22.10%	1,511,630	445,487	29.47%
Daily Property Rental Tax	15,980	5,226	32.70%	13,200	5,676	43.00%
Motor Vehicle Tax	200,000	39,041	19.52%	162,000	37,658	23.25%
DMV Fees	280,000	22,934	8.19%	260,000	25,724	9.89%
Caesars Min Fee	5,000,000	535,210	10.70%	-	-	0.00%
TOTAL	<u>\$ 40,230,430</u>	<u>\$ 5,973,501</u>	<u>14.85%</u>	<u>\$ 29,064,030</u>	<u>\$ 4,910,072</u>	<u>16.89%</u>

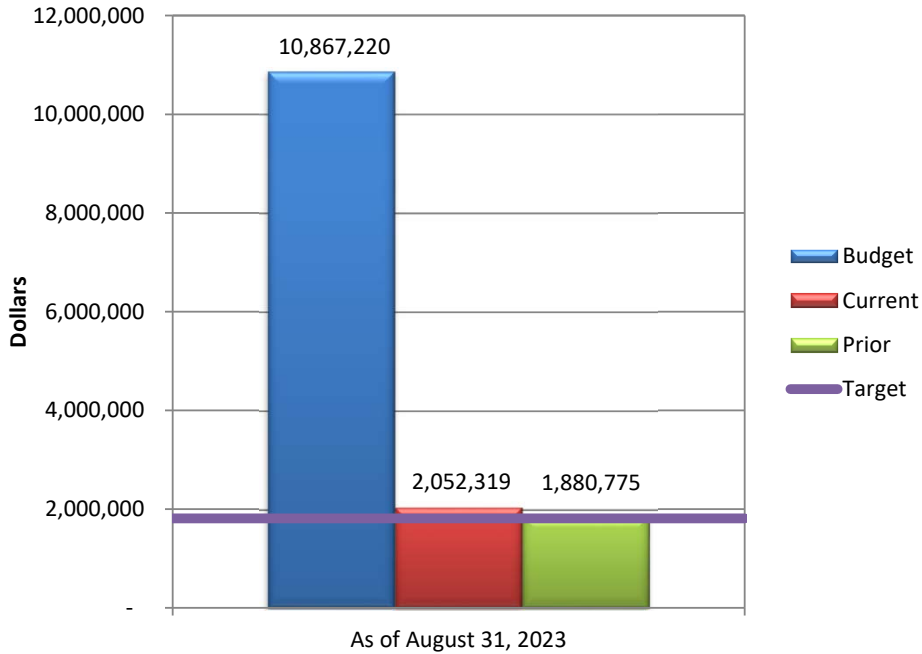
Local Taxes



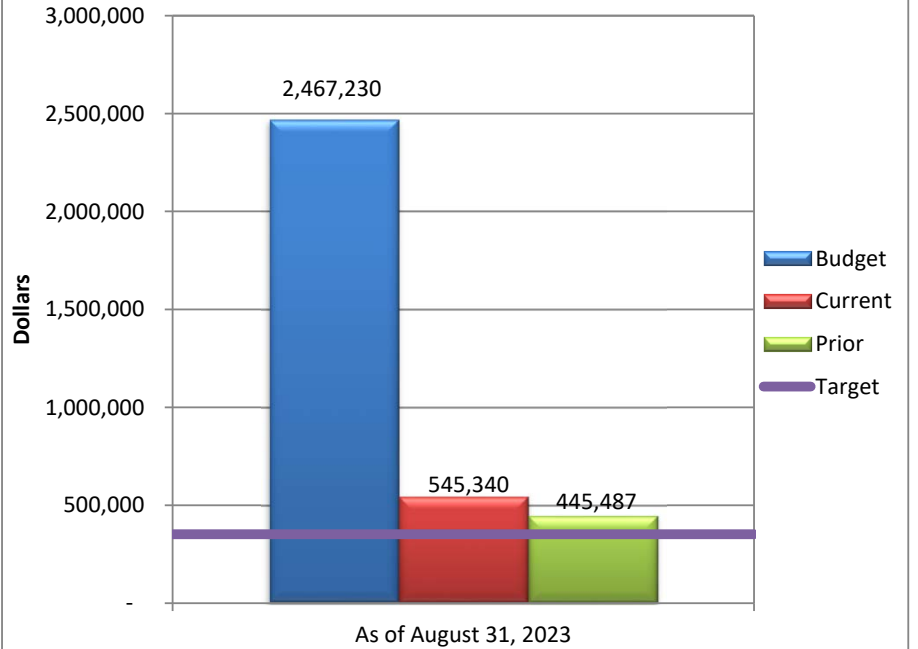
Sales Tax



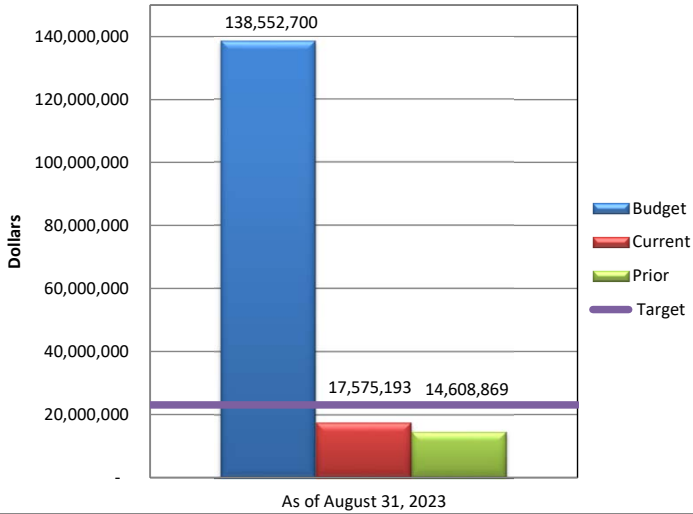
Meals Tax



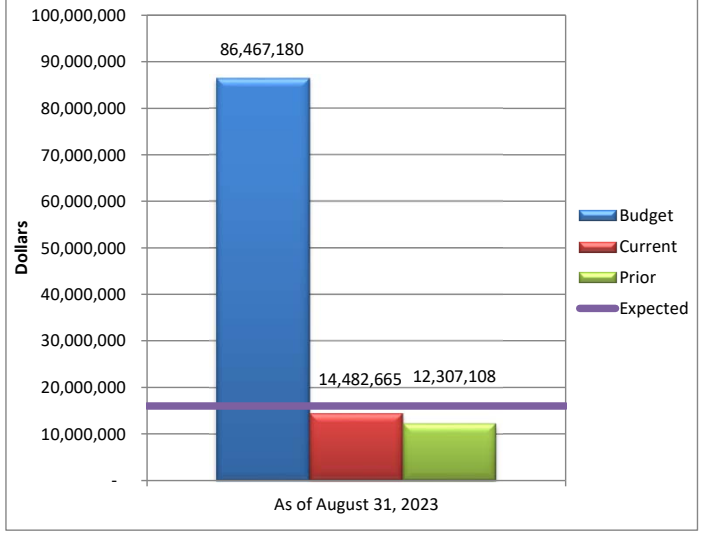
Lodging Tax



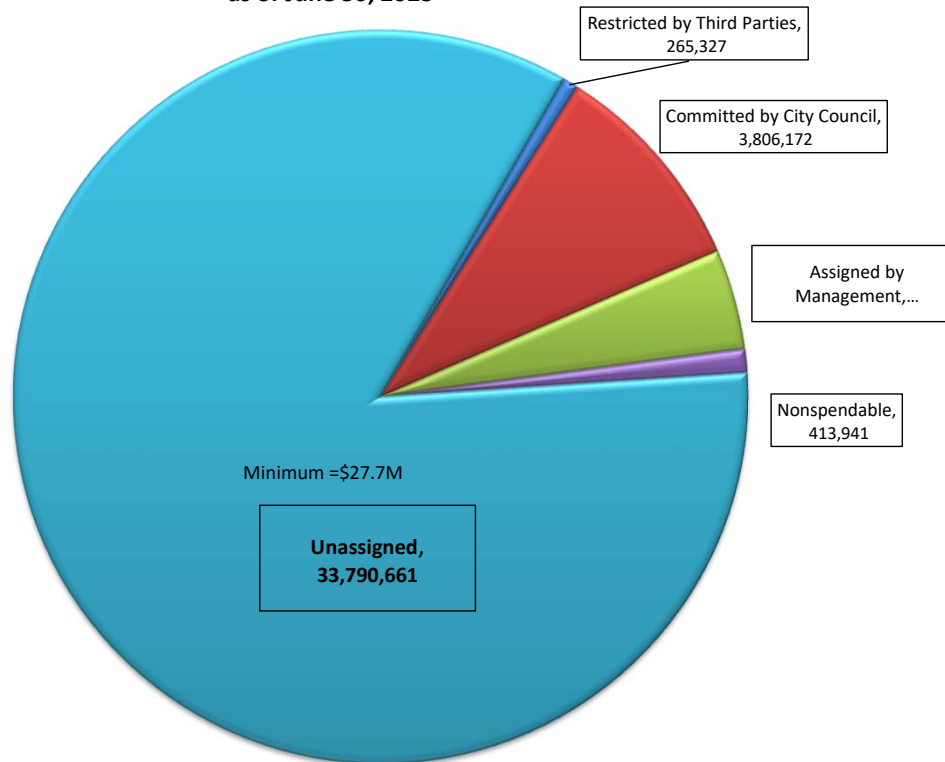
Total Revenues (excluding bonds)



Departmental Spending



Fund Balance - General Fund as of June 30, 2023



Total Fund Balance \$40,044,622