Preliminary Results for FY2023

Staff is still working to close the fiscal year and and to prepare for the onsite audit fieldwork the week of October 9th.

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Major Revenue Variances

Real Estate Taxes

FY2023 Actuals exceeded budget by $3,465,818 due to an increase in assessments January 1, 2023, offset by a two cent rate decrease.

- Assessment values and the real estate tax rate used for the 2023 real estate billing were not known at the time the FY2023 budget was prepared.

FY2024 Budget for real estate tax revenue was budgeted at the current assessments and a real estate rate of $.89 per hundred.

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Major Revenue Variances
Personal Property Taxes

FY2023 Actuals exceeded budget by $1,311,226 due to an increase in used vehicle values caused by supply chain issues following the COVID-19 global pandemic.

FY2024 Budget was increased by approximately $450,000.

- Used vehicle values have decreased for the 2023 personal property billing cycle, resulting in a decrease in personal property taxes of approximately $850,000.
- Based on these two factors, personal property taxes should come in close to budget for FY2024.

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Major Revenue Variances

Meals Tax

FY2023 Actuals exceeded budget by $895,735. This is due to the local economy performing better than expected coming out of the pandemic.

FY2024 Budget was increased by approximately $627,000. We allowed for a slight economic slow down while preparing the FY2024 budget.

FY 2023 MEALS TAX - 7% Tax Rate

Tax Rate	6% TAX RATE	7% TAX RATE	7% TAX RATE	7% TAX RATE	7% TAX RATE	7% TAX RATE	
	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	% Change
July	334,579	329,573	358,212	305,920	490,076	426,045	-13.1%
August	341,094	409,425	424,090	377,519	478,421	522,710	9.3%
September	343,277	385,385	427,995	407,128	457,575	522,740	14.2%
October	342,810	411,876	417,690	414,546	453,768	543,587	19.8%
November	312,114	359,316	403,285	358,586	456,293	473,158	3.7%
December	336,804	415,030	444,990	327,793	468,456	524,706	12.0%
January	293,064	315,163	390,333	371,174	390,422	438,260	12.3%
February	301,836	370,265	334,123	324,288	426,769	512,829	20.2%
March	363,207	423,831	297,411	445,061	483,854	552,774	14.2%
April	343,386	397,110	244,201	450,532	509,567	582,702	14.4%
May	374,830	432,043	347,244	462,115	561,110	600,814	7.1%
June	431,265	478,306	458,278	471,063	633,671	553,460	-12.7%
Actuals	4,118,267	4,727,323	4,547,853	4,715,726	5,809,981	6,253,785	
Budget	3,200,000	4,112,500	4,600,000	3,562,500	4,300,000	5,358,050	
Budget Variance	918,267	614,823	(52,147)	1,153,226	1,509,981	895,735	
% of BUDGET	128.7%	115.0%	98.9%	132.4%	135.1%	116.7%	
% CHANGE-YEAR	28.5%	14.8%	-3.8%	3.7%	23.2%	7.6%	

Major Revenue Variances

Business Licenses

FY2023 Actuals exceeded budget by $788,125.

FY2024 Budget was increased by approximately $300,000. We allowed for a slight economic slow down while preparing the FY2024 budget based on economic outlooks predicting a slow down over the next year.

Major Revenue Variances

Sales Tax

FY2023 Actuals exceeded budget by $687,604.

- This is due to the local economy performing better than expected coming out of the pandemic.

FY2024 Budget was increased by almost $350,000

- Once again, we wanted to be prepared for an economic slow down following periods of high inflation.

LOCAL SALES TAX HISTORY - 1% Tax Rate

	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	% Change
July	324,283	359,853	399,841	408,778	457,551	523,345	14.4%
August	325,420	353,758	390,365	383,139	418,081	475,016	13.6%
September	335,271	364,511	408,013	416,225	459,262	500,792	9.0%
October	314,015	368,779	406,308	417,973	431,562	487,941	13.1%
November	324,549	367,724	386,214	367,040	430,213	478,059	11.1%
December	392,310	416,329	459,871	489,867	568,394	576,043	1.3%
January	299,703	301,088	378,159	381,915	389,797	422,884	8.5%
February	295,142	333,110	354,448	360,082	382,280	457,991	19.8%
March	357,636	393,767	424,727	462,591	512,099	530,346	3.6%
April	303,520	382,963	384,624	497,565	485,816	488,377	0.5%
May	479,378	409,439	408,068	451,087	472,797	501,712	6.1%
June	372,636	383,654	454,692	381,951	476,868	520,099	9.1%
Totals	4,123,862	4,434,974	4,855,331	5,018,212	5,484,719	5,962,604	
Budget	4,100,400	4,015,000	4,300,000	3,393,750	4,662,500	5,275,000	
Budget Variance	23,462	419,974	555,331	1,624,462	822,219	687,604	
% OF BUDGET	100.6%	110.5%	112.9%	147.9%	117.6%	113.0%	
% CHANGE- YEAR	2.1%	7.5%	9.5%	3.4%	9.3%	8.7%	

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Major Revenue Variances

Lodging Tax

FY2023 Actuals exceeded budget by $324,457.

FY2024 Budget was increased by $382,000, lodging taxes will need to increase by at least 5% or more this fiscal year to meet budget.

FY 2023 LODGING TAX - 6.7% Tax Rate

TAX RATE	6.70%	6.70%	6.70%	6.70%	6.70%	6.70%	
	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	% CHANGE
July	$ 63,907	$ 52,798	$ 86,792	$ 46,648	$ 105,750	$ 84,716	-19.9%
August	$ 63,738	$ 69,287	$ 98,765	$ 66,056	$ 106,184	$ 114,547	7.9%
September	$ 62,756	$ 65,785	$ 89,978	$ 56,235	$ 100,094	$ 140,720	40.6%
October	$ 79,262	$ 95,600	$ 124,738	$ 85,131	$ 130,186	$ 142,991	9.8%
November	$ 50,187	$ 72,869	$ 82,915	$ 46,252	$ 85,840	$ 110,688	28.9%
December	$ 32,225	$ 50,208	$ 63,057	$ 33,471	$ 65,008	$ 93,847	44.4%
January	$ 29,239	$ 38,856	$ 47,730	$ 37,127	$ 59,405	$ 54,478	-8.3%
February	$ 32,490	$ 52,085	$ 23,204	$ 34,928	$ 64,791	$ 88,071	35.9%
March	$ 50,304	$ 65,973	$ 77,152	$ 50,273	$ 84,717	$ 52,430	-38.1%
April	$ 64,326	$ 86,719	$ 16,730	$ 70,866	$ 114,860	$ 154,822	34.8%
May	$ 72,905	$ 103,399	$ 26,667	$ 89,381	$ 127,191	$ 132,827	4.4%
June	$ 76,577	$ 121,369	$ 47,878	$ 97,078	$ 164,234	$ 122,320	-25.5%
Actuals	$ 677,917	$ 874,948	$ 785,605	$ 713,445	$ 1,208,260	$ 1,292,457	
Budget Totals	$ 575,000	$ 890,000	$ 890,000	$ 836,000	$ 760,000	$ 968,000	
Budget Variance	$ 102,917	$ (15,052)	$ (104,395)	$ (122,555)	$ 448,260	$ 324,457	
% of BUDGET	118%	98%	88%	85%	159%	134%	
% CHANGE-YEAR	5.8%	29.1%	-10.2%	-9.2%	69.4%	7.0%	

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Major Revenue Variances

Transfer from Health Fund

FY2023 Budget included a transfer from the Health Fund of $400,000. This transfer was not needed and therefore the actual transfer was $0.

FY2024 Budget did not include a transfer from the Health Fund.

Major Expenditure Variances

Salaries and Benefits

FY2023 Actuals were under budget by almost $1.3M.

- These savings were due primarily to open position savings throughout the organization, in particular, in the offices of City Manager, Communications, Finance, Streets, Police, and Parks.
- This gap is expected to narrow for FY2024, as many of the open positions have already been filled thanks to recent improvements in the labor markets.
- In addition, $300,000 in attrition savings was budgeted in the FY2024 budget to help balance the budget and reduce carry over.

Looking Ahead

FY2024 Carry Over Funds

Goal is to Reduce……..Not Eliminate!

- We expect the FY2024 carry over to normalize for the first time in the last few years following the COVID-19 global pandemic.
- There were significant steps taken during the FY2024 budget process to narrow the gap, however, our goal is not to eliminate it completely.
- We need to be prepared for unknown and unforeseeable expenses, in addition, we have become reliant on carry over to fund our Capital Improvements Plan.

Looking Ahead

- October 9th to 13th - Brown, Edwards, & Co will be on-site to complete their fieldwork.
- October and November - Audit work continues remotely. Annual Comprehensive Financial Report (ACFR) Preparation begins.
- Early December - The ACFR will be completed.
- December - Final FY2023 financial results & ACFR will be presented to council.
- January 2024 – Carry over recommendations will be made to council.

Staunton Virginia

Questions?