

Quarterly Report

Department of Finance & Procurement



Town Council Meeting Date: November 12, 2024

First Quarter 2025: July, August, September

Department introduction:

The mission of the Department of Finance and Procurement is to promote excellence and transparency in the delivery of effective and efficient financial management services to our internal and external customers and stakeholders. This is accomplished by adhering to sound financial management practices, demonstrating integrity in all that we do, and working as a team to support the Town's mission, vision, and values.

The Department is responsible for accounting and financial reporting, budget preparation and monitoring, debt management, accounts receivable, accounts payable, payroll processing, procurement, tax billing, utility billing, collections, and investment management.

Project Progress:

Accounting and Financial Reporting:

- Fiscal Year 2024 Audit and ACFR:
 - Staff continue to work with our external auditors on fiscal year-end accounting adjustments to finalize our FY24 audit and to produce our Annual Comprehensive Financial Report (ACFR).
 - The ACFR results and the results of the annual external audit will be presented by our external auditor to the Town Council in December, as required by the Virginia Code.

Budget:

- Fiscal Year 2025 Budget:
 - The Town received the Distinguished Budget Presentation award from GFOA for the FY25 Budget.
 - The Fiscal Year 2024 Carryover is on the November Council agenda for reappropriation of ongoing projects as of June 30th.
 - These amounts have been approved by the Town Manager as delegated in the FY25 budget adoption resolution and factored into the FY24 year-end fund balance classification.
 - The appropriation requires a public hearing due to exceeding 1% of the adopted budget.

- Fiscal Year 2026 Budget Development:
 - Departmental operating and capital requests were due to Finance on November 1.
 - Outside agencies funding requests are due to Finance by December 31.

Tax Administration:

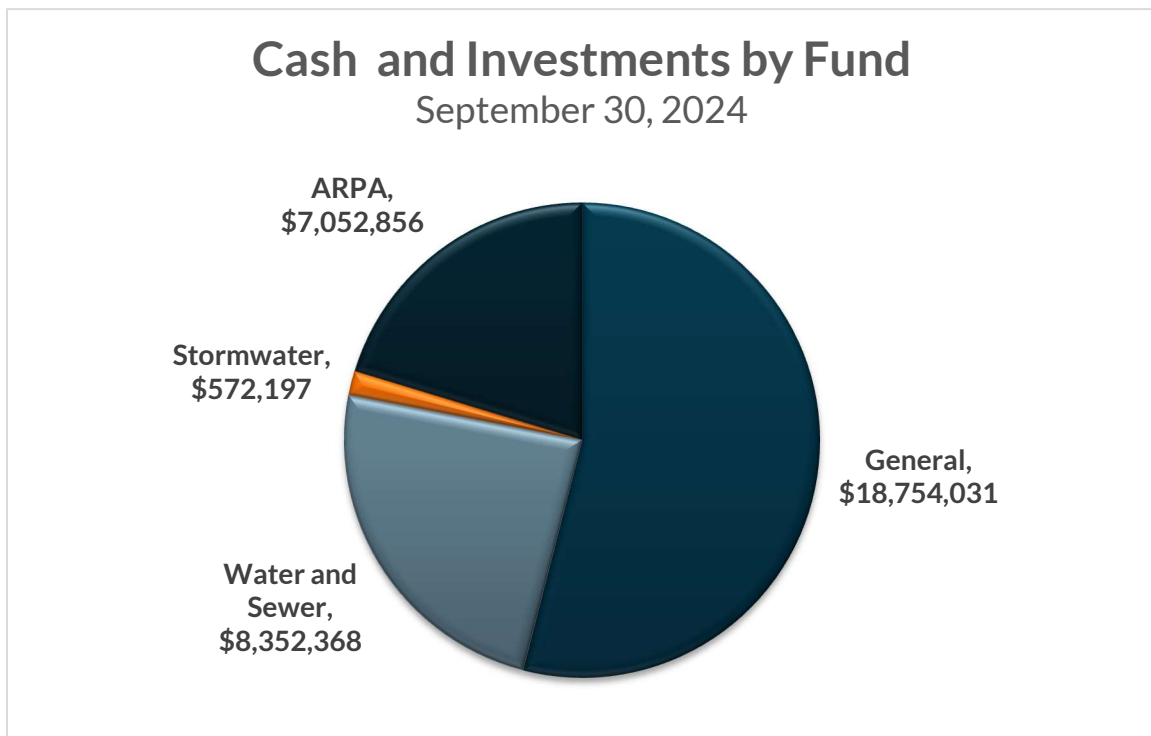
- Staff has prepared business license statutory assessments for non-filers. These balances will be sent to collections if the businesses do not file and pay.
- Staff are preparing the December property tax bills, which consist of:
 - Real estate tax and stormwater management fees for the second half of 2024
 - Personal property tax and motor vehicle license fees

Charts and information:

The following charts are provided based on the information contained in the **attached financial statements for the period ended September 30, 2024**. The statements are presented on a cash basis.

Cash and Investments

The following chart shows the cash and investment balances for each of the Town's major funds. Cash has decreased by approximately \$1.5 million compared to the same period last year due to the spending of ARPA funds and Water and Sewer capital spending.



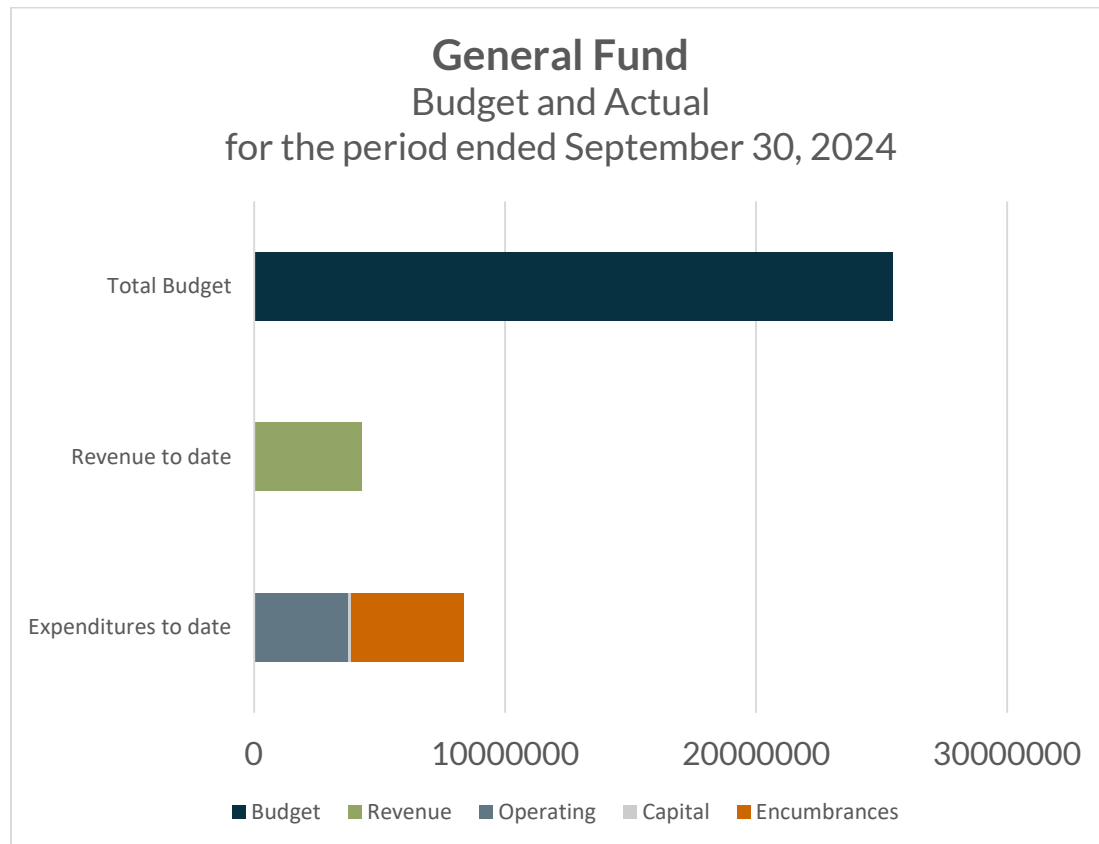
Budget and Actual by Fund

The following pages contain graphs for each fund that compare the budget to the actual revenue or expenditures recorded year-to-date. Capital projects are included for each fund. This can distort the budget-to-actual comparison, since most capital spending crosses over fiscal years.

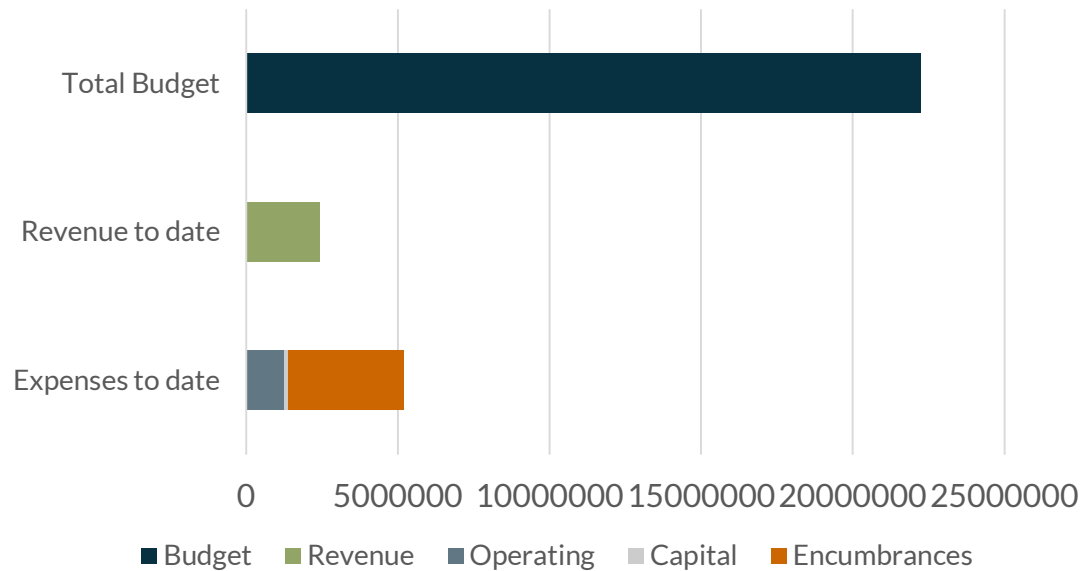
Each graph shows:

- the total budget for the fund, represented by the dark blue bar at the top of each graph.
- revenue received year-to-date, represented by the green bar.
- expenditures recorded year-to-date.
 - This is further broken down into
 - Operating (blue)
 - Capital (light gray)
 - Encumbrances (orange) – this represents the total value of purchase orders issued to vendors for services, equipment, materials, and supplies. While not part of the actual expenditure as of the end of the period, these amounts will be expended in the coming months.

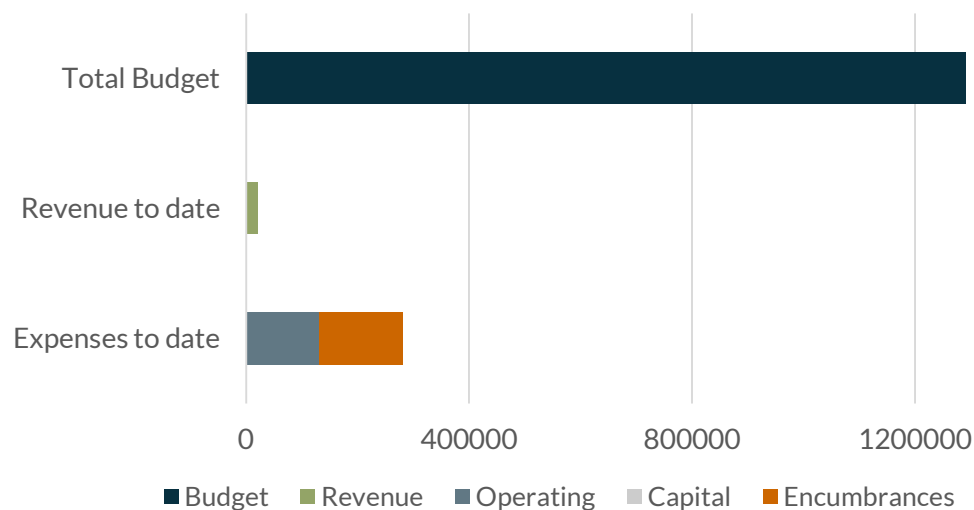
The budget figures will be amended by the amounts in the carryover resolution on the November agenda. Some of the carryover amounts are on existing open purchase orders that are reflected in the encumbrance column on page 3 of the financial statements. In those instances, it may appear that the budget has been exceeded. This is only due to the timing of the appropriation.



Water and Sewer Fund Budget and Actual for the period ended September 30, 2024



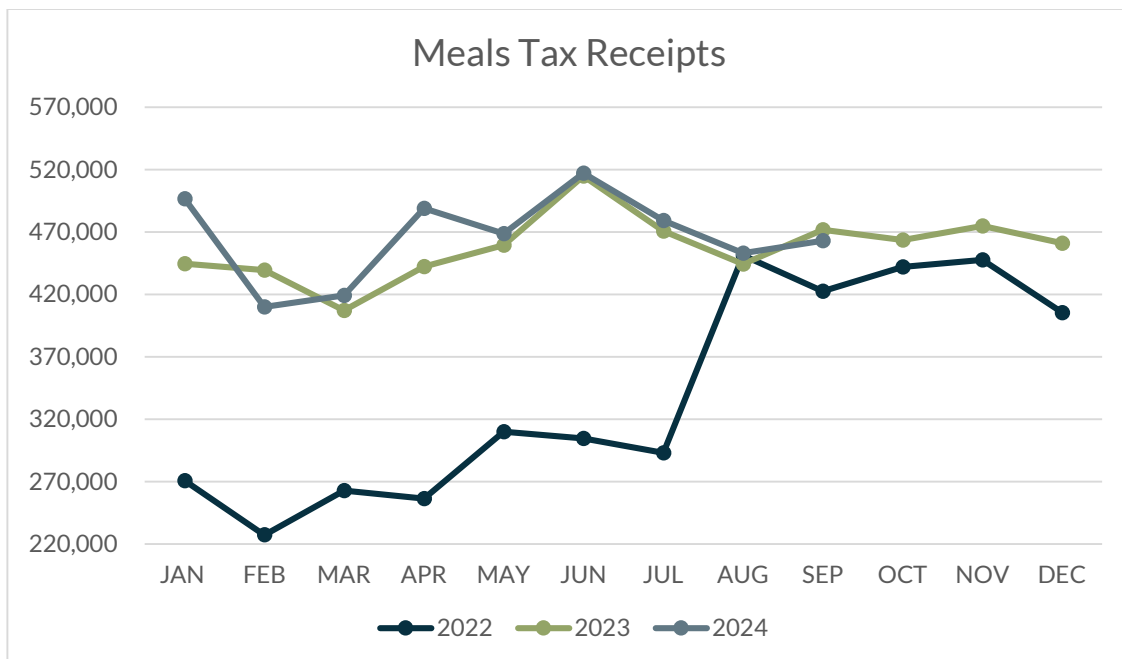
Stormwater Fund Budget and Actual for the period ended September 30, 2024



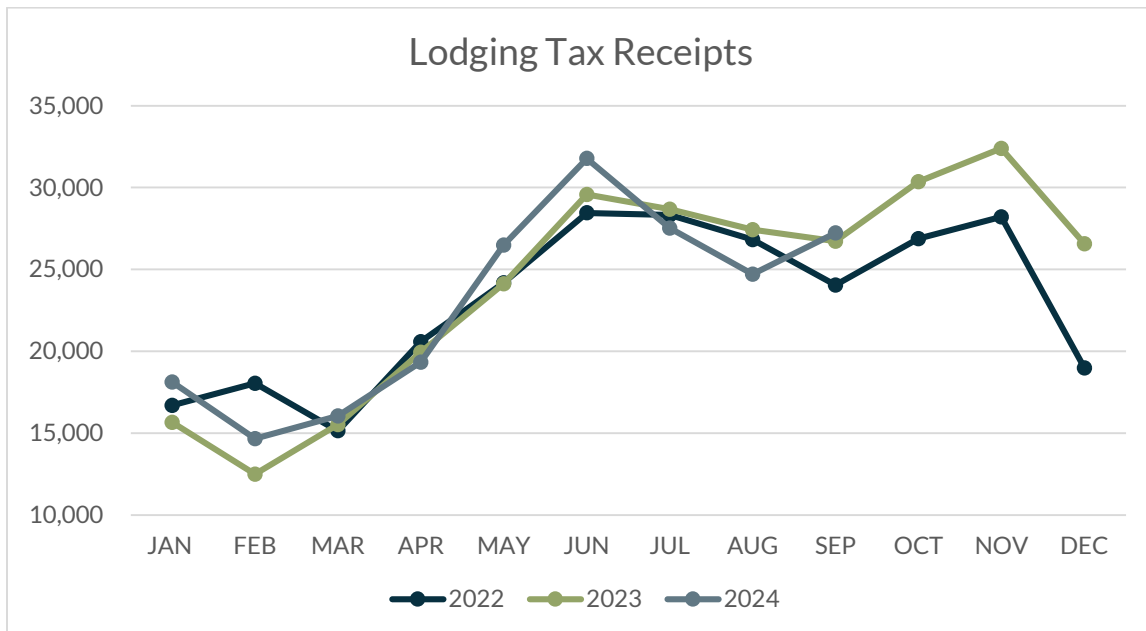
REVENUE TRENDS

A review of monthly revenue categories is provided to assist in understanding how our current receipts compare to prior periods. The data is presented on a cash basis for the current calendar year (2024) and two prior years (2023 and 2022). The monthly revenue categories are Meals Tax, Lodging Tax, Local Sales Tax, and Utility Billing Receipts.

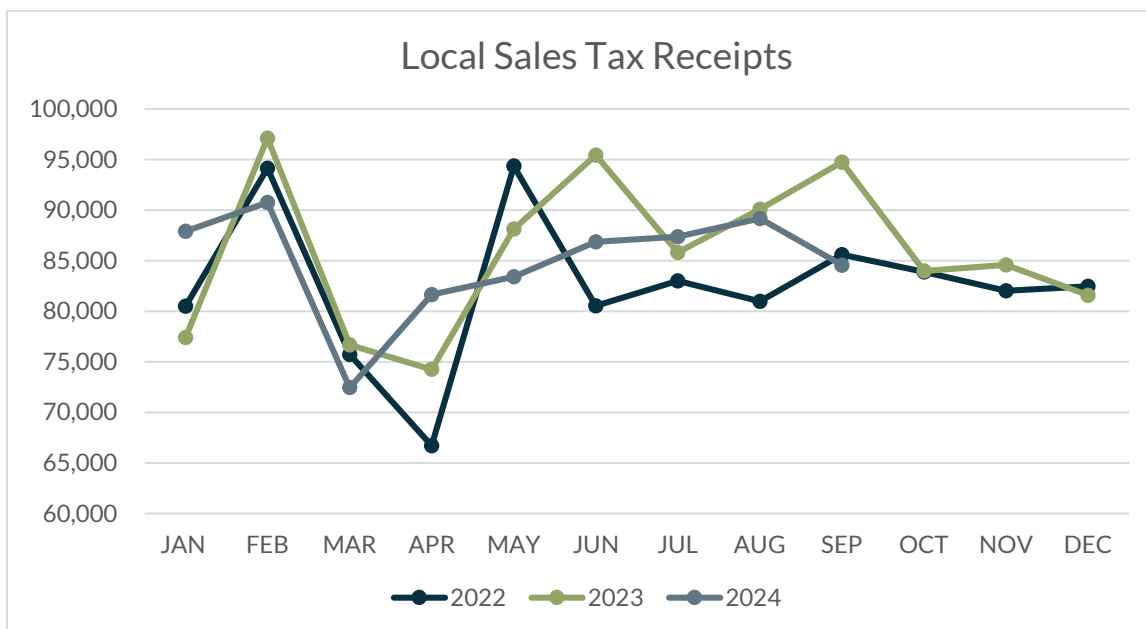
Meals Tax - This is the largest revenue source for the General Fund. The August 2022 collections reflect the beginning of the increase in the rate that was adopted in the FY23 budget. The average increase in meals tax receipts for FY24 compared to FY23 has been 2.2%.



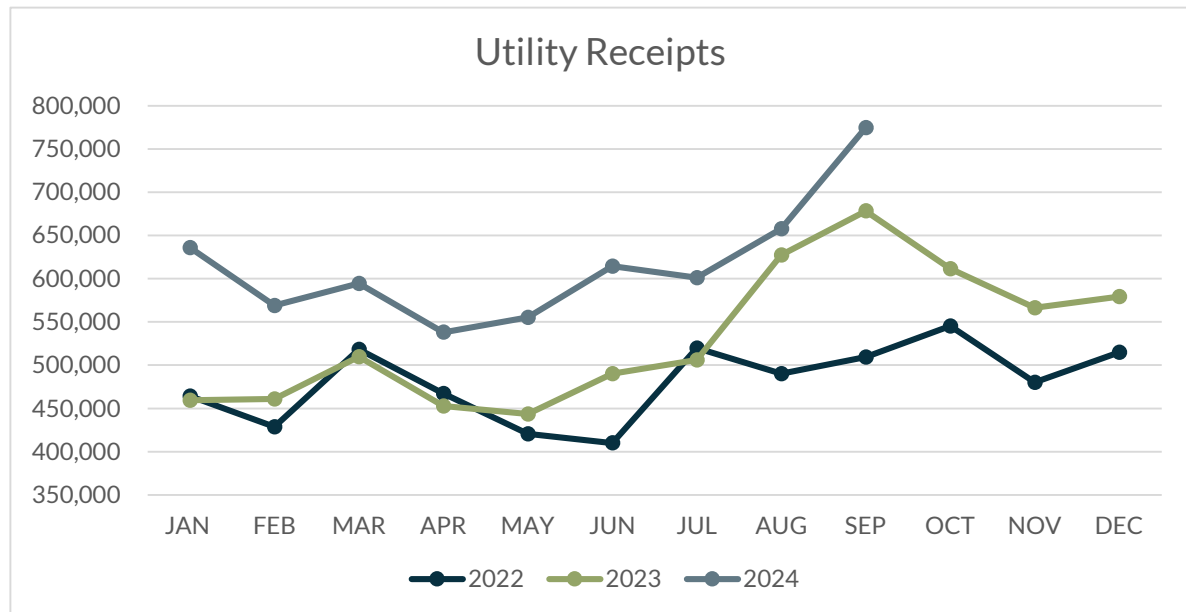
Lodging Tax – Lodging tax revenue has declined this past quarter in comparison to the same period in prior years.



Local Sales Tax – Sales Tax receipts for this quarter have trended consistent with 2023 but declined in September. The remittance lags the month of collection by two months (e.g. – sales tax collected in December is received in February). This helps to explain some of the seasonal fluctuations in the chart below.



Utility Receipts - The chart below shows the monthly receipts for Water and Sewer bills. Receipts in 2023 and 2024 have generally tracked with those received in 2022.



Data:

DELINQUENT ACCOUNT BALANCES

Real Estate Tax and Stormwater Management Utility Fee

Real Estate tax and the Stormwater Management Utility fee are due twice a year, on June 15th and December 15th. The percent collected and unpaid balances for FY24 are shown below:

Real Estate Tax	Percent Collected	Unpaid Balance
Real Estate Tax – 2nd half, CY2023	99.0%	\$4,329.60
SWM Utility Fee – 2nd half, CY2023	99.2%	\$2,811.15
Real Estate Tax – 1st half, CY2024	98.0%	\$8,541.55
SWM Utility Fee – 1st half, CY2024	97.8%	\$7,782.24

Personal Property Tax and Vehicle License Fee

Personal Property taxes and vehicle license fees are due once a year on December 15th. The percent collected and unpaid balances for the December 15, 2023, billing are shown below:

Type	Percent Collected	Unpaid Balance
Personal Property Tax	97.5%	\$30,938.95
Business Personal Property Tax	94.0%	\$26,726.17
Vehicle License Fee	83.5%	\$40,436.92

Business License Tax

Business license renewal applications are due annually on March 1st for the license year beginning July 1. The payment for the license is due on June 30th. The percentage collected and unpaid balances are shown below for the last three license years. We have recently issued statutory assessments for delinquent filers, so the unpaid balances have increased from prior reports.

Type	Percent Collected	Unpaid Balance
Business License 2023	99.4%	\$13,472.83
Business License 2024	98.7%	\$28,973.71
Business License 2025 *	95.0%	\$119,907.62

Meals Tax

Meals Tax collectors must file for us to know the amount of tax owed. If they fail to file, we may issue a statutory assessment based on the best available information and pursue collection of that amount.

Past Due Amounts and Delinquent Filings: The Town has a total of 87 registered Meals Tax collectors. The following businesses have past due Meals Tax balances or are not current on their filings.

Business	Past Due Amount	No. of Months Past Due Filing
Black Bear Bistro *	\$39,621.83	3
Fat Tuesdays	\$6,004.97	1
Little Caesars	\$0.00	1
Warrenton Wellness Kitchen	\$0.00	1
Weirddoughs	\$0.00	1
Wild Hare Hard Cider	\$1,191.08	1

** business closed; statutorily assessed for months that were not filed and turned balance over to third-party collection agency; total amount includes penalty and interest*

Lodging Tax

Like Meals Tax, businesses must file for us to create an assessment. All registered collectors are current in their filings and payments.

Sales Tax

Sales tax is remitted to the State each month based on the County, not the Town, that the business is located in. The local 1% is then sent back to the County. The amount to be distributed to the Towns is determined based on the residency of school-aged children. The County retains 50% of that amount and distributes the remaining 50% to the incorporated Towns based on the percentage of school-aged children residing in each town. There is no information provided by the State regarding delinquent accounts.

Utility Billing

The total delinquent balance has increased by \$55,417 compared to September 2024. While some of the increase can be attributed to the rate increase, there are some larger delinquent accounts included in the total that have since been paid.

WATER AND SEWER OPERATING A/R AGING

	<u>September 30, 2023</u>	<u>September 30, 2024</u>	<u>Incr./(Decr.)</u>
Over 30	70,199	123,817	53,618
Over 60	15,196	20,840	5,644
<u>Over 90</u>	<u>7,040</u>	<u>3,195</u>	<u>(3,845)</u>
Total	\$ 92,435	\$ 147,852	\$ 55,417