THE CITY OF ASHEVILLE

# MEMORANDUM

**TO:** City Council

**FROM:** Debra Campbell, City Manager
Tony McDowell, Finance Director

**DATE:** October 24, 2023

**SUBJECT:** FY 2023-24 Q1 Quarterly Financial Report

**SUMMARY STATEMENT:**

The financial information in this report reflects the City's overall financial position for Fiscal Year 2023-24 (FY24) through September 2023.

*General Fund Revenues*

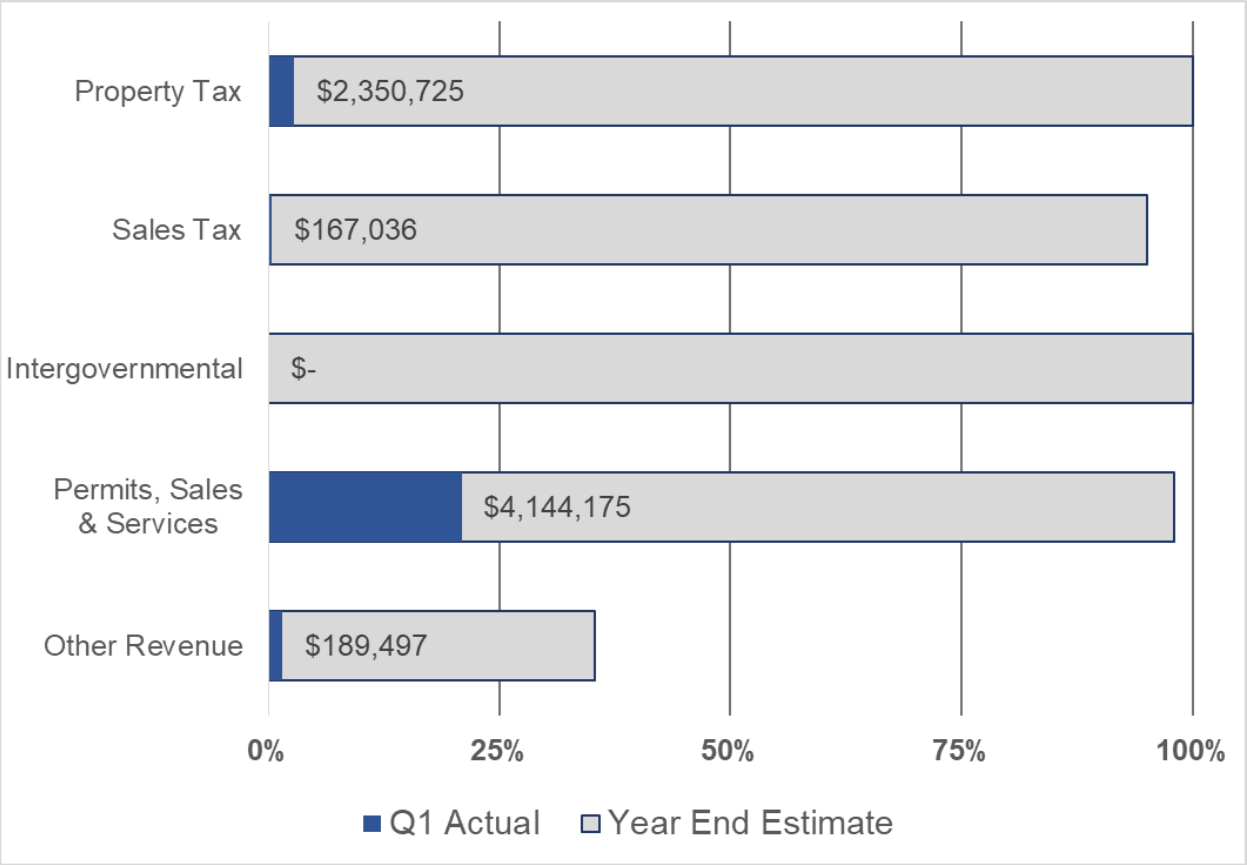
Through September 30, 2023, the City has collected approximately $5.7 million in General Fund revenue, which represents 6.2% of the adopted General Fund revenue budget (not including fund balance appropriations). With so little collection data available through the first quarter, most of the FY24 revenue projections are based on prior year results and multi-year trends.

Property and sales taxes are the General Fund's largest sources of revenue, making up a combined 77% of total adopted General Fund revenue (not including fund balance appropriations). Staff is currently projecting both of these revenues will end the year close to budget estimates.

- Limited number of property tax payments have been received, these revenues generally pick up during the second quarter as property owners pay annual tax bills.
- The City has only received one month of sales tax revenue for FY24. While the last three fiscal years have seen unprecedented growth in sales tax revenues, recent data indicate a significant slowing. Sales tax revenue in the last quarter of FY23 was essentially flat compared with the previous fiscal year, and July 2023 sales tax distribution was up 1% from July 2022.
- Economic uncertainty, rising interest rate increases, and inflation concerns will likely continue to temper sales tax growth in the current fiscal year.

- Based on current year end projections, staff estimate fund balance usage will be at least $5 million (of $8.1 million budgeted). As this is not revenue received, it is not included in the year end estimate for “Other Revenue” in the table below.

**FY24 General Fund Revenues: Q1 Actuals & Year End Estimates as a Percentage of Adopted Budget**

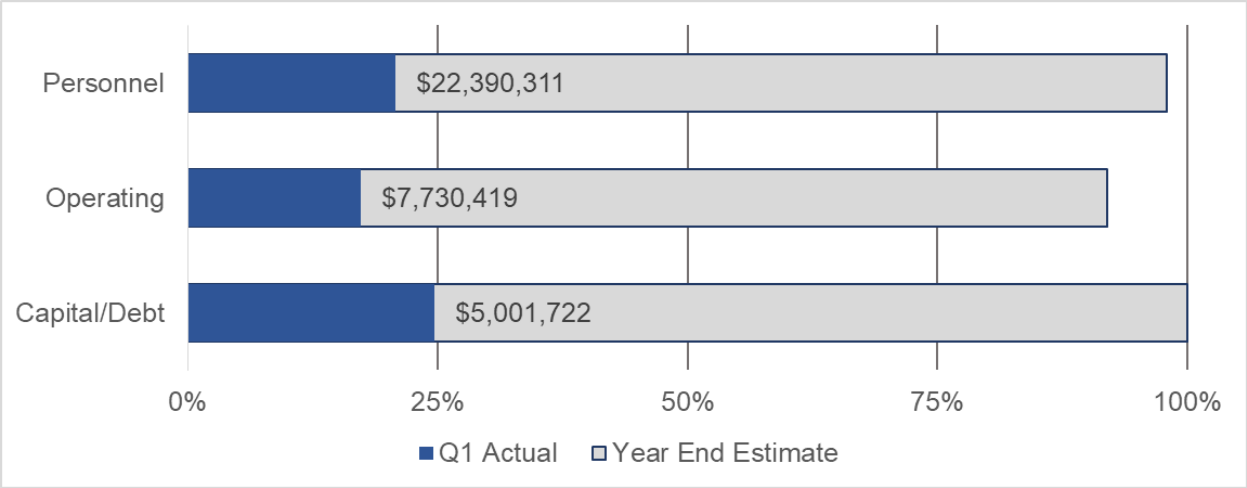



*Note: Dollar figures are total actuals for the first quarter of FY24.*

*General Fund Expenditures*

First Quarter General Fund expenditures generally align with expectations at 20% of the adopted budget. Personnel expenditures are tracking with the budget based on the City’s payroll cycles. Operating (non-personnel) expenditures also track typical spending patterns.

**FY24 General Fund Expenditures: Q1 Actuals & Year End Estimates as a Percentage of Adopted Budget**



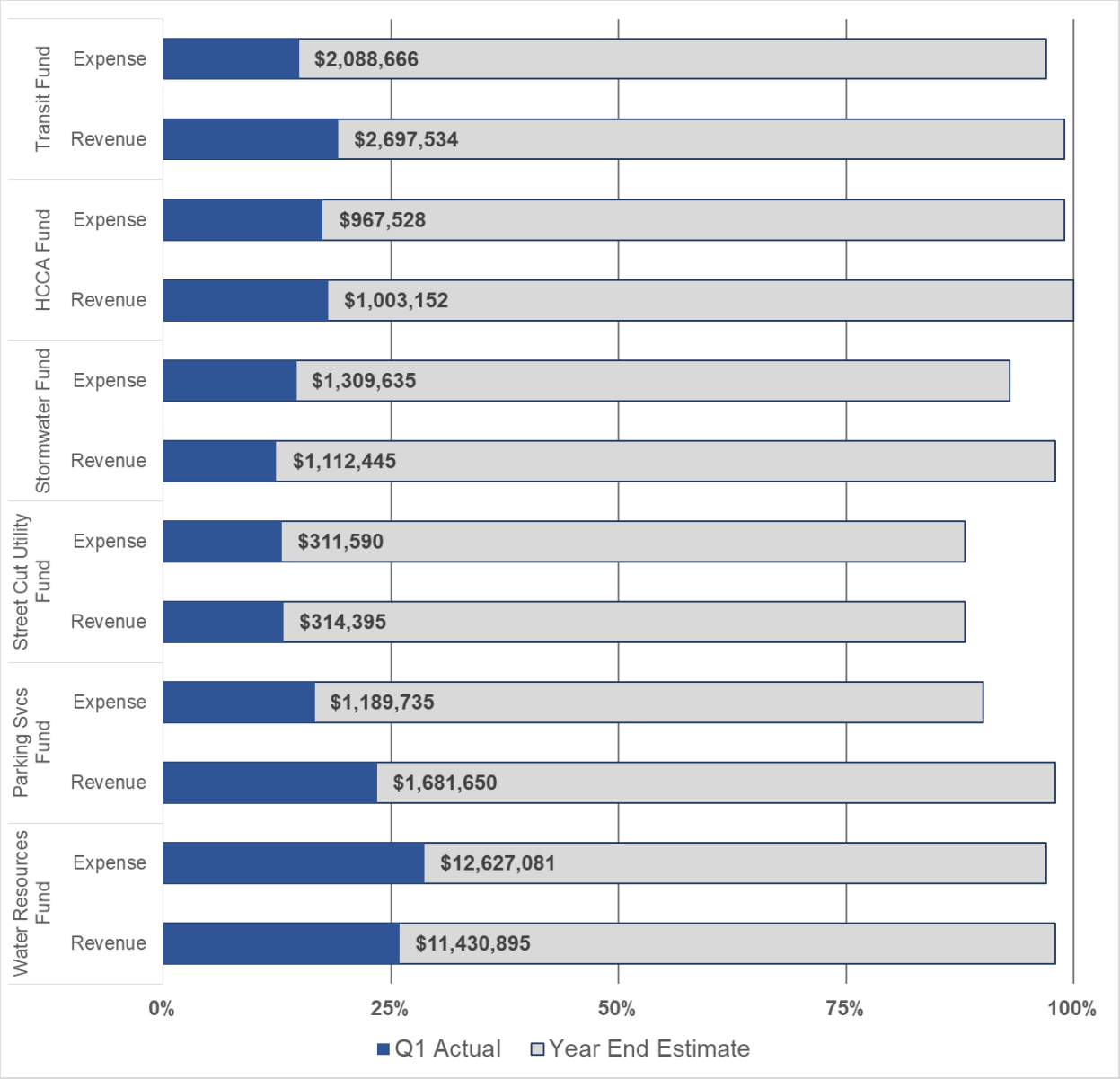

*Note: Dollar figures are total actuals for the first quarter of FY24.*

*Enterprise Funds*

The following information summarizes year-to-date and year-end projections for the City's six enterprise funds. First quarter revenues and expenses in enterprise funds are generally on target relative to budget, and track prior year trends.

- The temporary closure of the Thomas Wolfe Auditorium starting July 5, 2023 will continue to impact revenues for the Harrah's Cherokee Center - Asheville Fund until it is able to reopen. Currently, staff are anticipating reopening the Auditorium at a reduced capacity in October 2023, and full capacity in March 2024.

**FY24 Enterprise Funds Q1 Actuals & Year End Estimates as a Percentage of Adopted Budget**




*Note: Dollar figures are total actuals for the first quarter of FY24.*

*Summary*

Based on the information currently available, revenues and expenses in all funds are performing as expected through the first quarter of the fiscal year. Staff will continue to monitor trends and assess the impact of changes, especially inflation, fuel prices, and the potential for economic recession. More data, especially sales tax revenues and personnel costs, will be available with the second quarter report.

Updates on capital projects can be found on the Capital Project Dashboard at https://dashboards.ashevillenc.gov/capital_projects.