

FY21 General Fund Revenue Forecast

Presentation for Finance and Budget Committee (April 13, 2020)
and City Council (April 14, 2020)

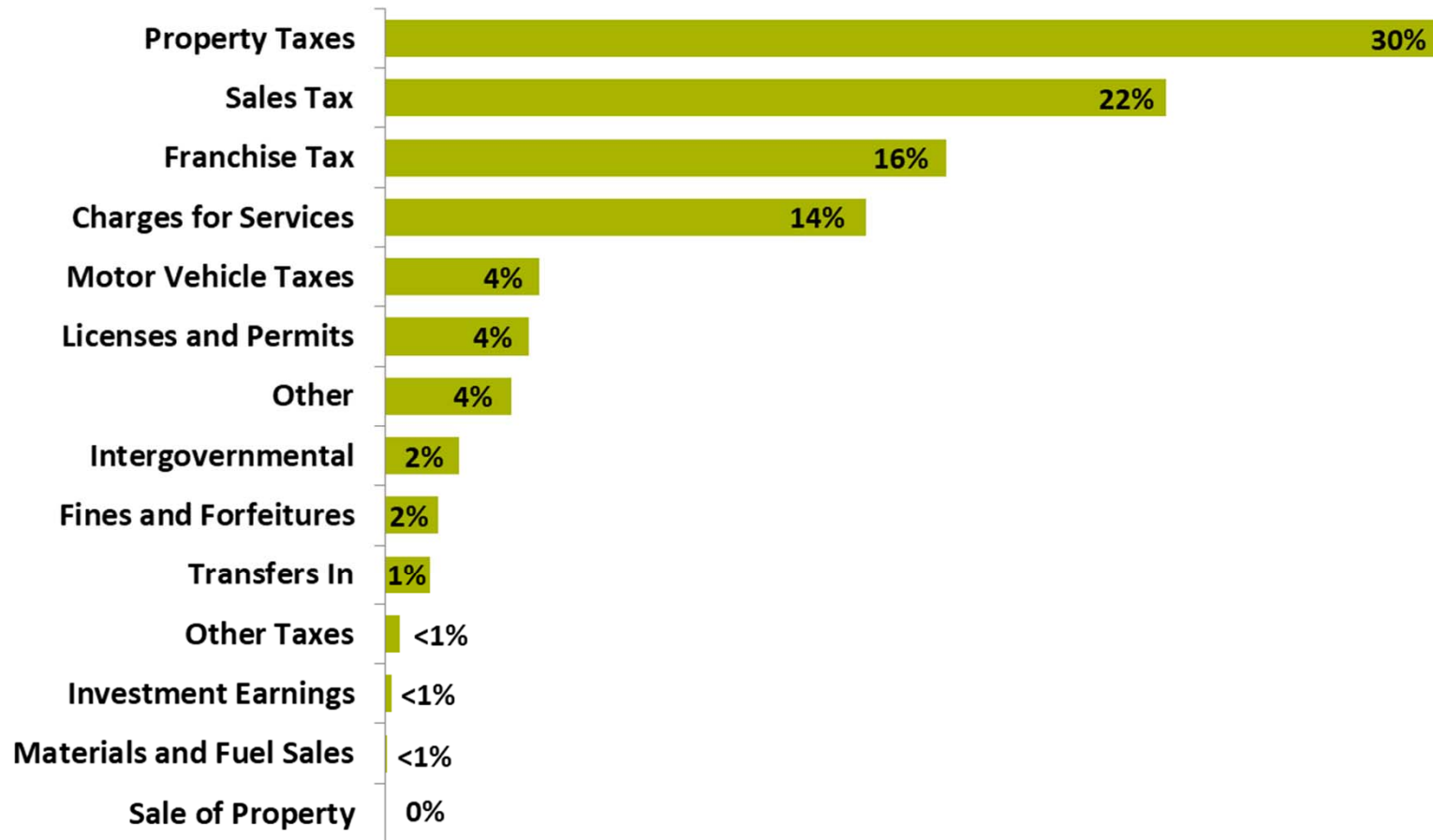


Considerations

- This forecast was put together after COVID-19 and the measures that were taken to combat the virus were put into place (i.e. social distancing, shelter-in-place order, etc.).
- It is important to note that there is a lag in the sales tax revenues for the City. (The sales tax that is paid/ collected in April is remitted to the City in June.)
- Because there is limited data, and the effects and duration of COVID-19 are not known at this time, the revenues will need to be reviewed regularly.



FY21 Revenues Overview



FY21 Revenue Forecast

	2019	2020	2020	2021	Change from FY20 Budget		Change from FY20 Proj	
	Actuals	Budget	Proj	Budget	\$	%	\$	%
Property Taxes*	22,166,626	23,065,850	22,944,613	21,076,390	-1,989,460	-8.63%	-1,868,223	-8.14%
Sales Tax	17,328,879	18,130,832	17,447,338	15,475,569	-2,655,263	-14.65%	-1,971,769	-11.30%
Franchise Tax	12,525,332	12,625,326	12,320,635	11,770,257	-855,069	-6.77%	-550,378	-4.47%
Motor Vehicle Taxes	3,653,245	3,694,164	3,797,020	3,408,925	-285,239	-7.72%	-388,095	-10.22%
Other Taxes	291,208	295,174	346,314	269,410	-25,764	-8.73%	-76,904	-22.21%
Fines and Forfeitures	1,171,956	1,159,690	1,068,736	1,043,397	-116,293	-10.03%	-25,339	-2.37%
Licenses and Permits	2,605,210	2,685,440	3,166,940	2,825,126	139,686	5.20%	-341,814	-10.79%
Intergovernmental	1,157,233	1,310,965	1,310,965	1,457,795	146,830	11.20%	146,830	11.20%
Charges for Services	9,093,423	9,374,305	9,550,382	9,528,761	154,456	1.65%	-21,621	-0.23%
Materials and Fuel Sales	2,842	2,000	3,652	3,945	1,945	97.25%	293	8.02%
Investment Earnings	727,475	330,000	330,000	111,304	-218,696	-66.27%	-218,696	-66.27%
Other	1,635,911	2,139,500	2,479,174	2,481,942	342,442	16.01%	2,768	0.11%
Sale of Property	2,970,703	0	0	0	0	0.00%	0	0.00%
Transfers In	742,110	906,097	906,097	870,113	-35,984	-3.97%	-35,984	-3.97%
Total	76,072,153	75,719,343	75,671,866	70,322,934	-5,396,409	-7.13%	-5,348,932	-7.07%

*Beginning in FY21, we will change how Property Tax-PILOT revenue is reported. Prior to FY21, we reported the total revenue, which included the portion that is passed-through to other entities (approximately 85% of revenue). However, beginning in FY21, we will only report the net revenue to the City.



FY21 Revenue Forecast (continued)

	2019	2020	2020	2021	Change from FY20 Budget		Change from FY20 Proj	
	Actuals	Budget	Proj	Budget	\$	%	\$	%
Property Taxes*	20,552,989	20,563,385	20,693,189	21,076,390	513,005	2.49%	383,201	1.85%
Sales Tax	17,328,879	18,130,832	17,447,338	15,475,569	-2,655,263	-14.65%	-1,971,769	-11.30%
Franchise Tax	12,525,332	12,625,326	12,320,635	11,770,257	-855,069	-6.77%	-550,378	-4.47%
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Other	1,635,911	2,139,500	2,479,174	2,481,942	342,442	16.01%	2,768	0.11%
Sale of Property	2,970,703	0	0	0	0	0.00%	0	0.00%
Transfers In	742,110	906,097	906,097	870,113	-35,984	-3.97%	-35,984	-3.97%
Total	74,458,516	73,216,878	73,420,442	70,322,934	-2,893,944	-3.95%	-3,097,508	-4.22%

	2019	2020	2020	2021
Property Tax*	Actuals	Budget	Proj	Budget
PILOT Revenue	1,931,033	2,989,531	2,679,496	532,473
PILOT Expense	1,613,637	2,502,465	2,251,424	0
PILOT Net	317,396	487,066	428,072	532,473



Property Tax

	2019	2020	2020	2021	Change from FY20 Budget		Change from FY20 Proj	
	Actuals	Budget	Proj	Budget	\$	%	\$	%
Property Taxes- Jackson	17,284,775	17,261,085	17,468,039	17,730,059	468,974	2.72%	262,020	1.50%
Property Taxes Cass	516,191	518,682	500,526	508,034	-10,648	-2.05%	7,508	1.50%
RR Tax - Jackson	409,841	382,344	382,344	382,344	0	0.00%	0	0.00%
RR Tax - Cass	9,188	9,187	9,187	7,365	-1,822	-19.83%	-1,822	-19.83%
Replacement Tax	2,015,598	1,905,021	1,905,021	1,916,115	11,094	0.58%	11,094	0.58%
Payment in Lieu of Taxes	317,396	487,066	428,072	532,473	45,407	9.32%	104,401	24.39%
Total	20,552,989	20,563,385	20,693,189	21,076,390	513,005	2.49%	383,201	1.85%

Considerations:

- Property Taxes–Jackson: Estimated 1.5% increase from projections
- Property Taxes–Cass: Estimated 1.5% increase from projections
- PILOT: Represents only the portion retained by the City.

	2019	2020	2020	2021
Payment in Lieu of Taxes	Actuals	Budget	Proj	Budget
PILOT Revenue	1,931,033	2,989,531	2,679,496	532,473
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Sales Tax

	2019	2020	2020	2021	Change from FY20 Budget		Change from FY20 Proj	
	Actuals	Budget	Proj	Budget	\$	%	\$	%
Sales Tax-Cass Co prior period	198,410	214,824	214,824	107,412	-107,412	N/A	-107,412	-50.00%
Total	198,410	214,824	214,824	107,412	-107,412	N/A	-107,412	-50.00%

Considerations:

- The Sales Tax-Cass County prior period remittance is a fixed amount of revenue that is received by the City on a monthly basis for a correction/adjustment with electricity sales.
- The City is scheduled to receive the revenue over a 36 month period. The City began receiving this in January 2018 and will receive the last payment in December 2020 (FY21).
- This revenue source is included in the overall revenue forecast, but it is not included in the data used to forecast gross sales tax amounts or growth rates.



Sales Tax

	2019	2020	2020	2021	Change from FY20 Budget		Change from FY20 Proj	
	Actuals	Budget	Proj	Budget	\$	%	\$	%
Local Sales Tax	17,786,028	18,596,208	17,835,380	15,932,362	-2,663,846	-14.32%	-1,903,018	-10.67%
Local Sales Tax-EATs	-704,507	-680,200	-632,672	-564,205	115,995	-17.05%	68,467	-10.82%
Total	17,081,521	17,916,008	17,202,708	15,368,157	-2,547,851	-14.22%	-1,834,551	-10.66%

Considerations:

- Assumption of 10% decrease from prior year:
 - FY20 Actuals (July – March)
 - FY20 Projections (April – June)



Sales Tax-Historical Trends

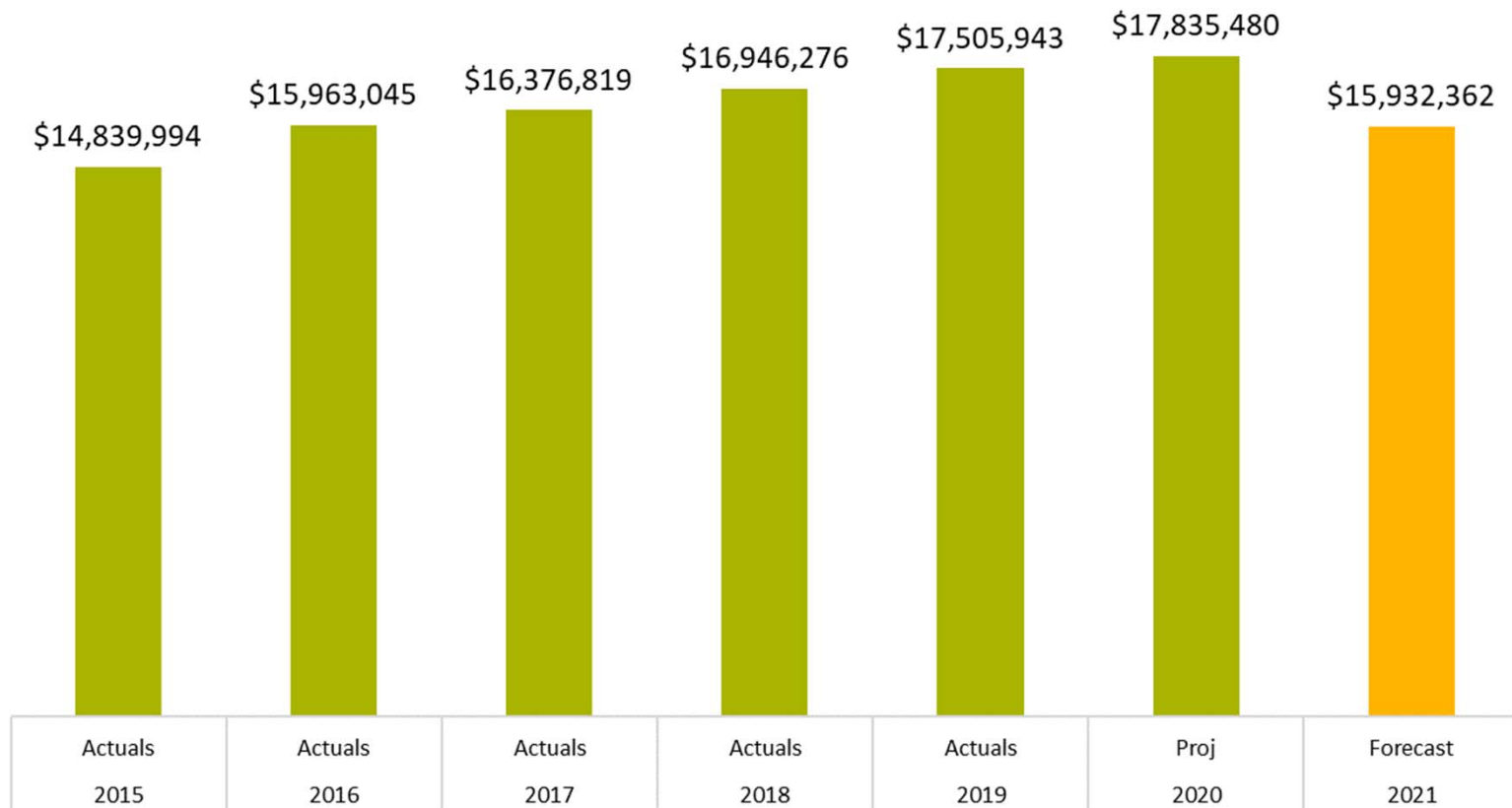
Month	Acutal 2015	Actual 2016	Actual 2017	Actual 2018	Actual 2019	Proj 2020
July	1,556,400	1,422,492	1,429,806	1,686,459	1,822,515	1,675,255
Aug	923,487	827,837	1,004,066	1,062,223	1,114,791	1,242,137
Sept	1,482,871	1,823,728	1,837,143	1,791,492	1,979,547	1,894,383
Oct	1,234,035	1,296,309	1,392,064	1,328,051	1,252,757	1,320,300
Nov	972,072	958,809	910,986	1,031,529	1,410,362	1,176,689
Dec	1,536,902	1,621,081	1,502,452	2,006,596	1,787,110	1,768,236
Jan	1,242,162	1,310,326	1,645,953	1,186,780	1,501,716	1,619,238
Feb	1,040,202	921,512	1,029,391	1,092,056	1,135,813	1,135,459
Mar	1,433,658	1,804,401	1,582,604	2,006,232	1,742,457	1,858,454
Apr	1,191,898	1,224,551	1,261,288	970,442	1,349,581	1,248,421
May	904,118	830,132	930,199	1,024,585	953,034	1,019,782
June	1,322,189	1,921,866	1,850,866	1,759,831	1,756,260	1,877,126
Total	14,839,994	15,963,045	16,376,819	16,946,276	17,805,943	17,835,480
Variances						
	<u>From Prior</u>	<u>From Prior</u>	<u>From Prior</u>	<u>From Prior</u>	<u>From Prior</u>	<u>From Prior</u>
\$ Change	691,098	1,123,050	413,774	569,457	859,667	(172,914)
% Change	4.88%	7.57%	2.59%	3.48%	5.07%	-1.44%

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Variances						
	<u>From Prior</u>	<u>From Prior</u>	<u>From Prior</u>	<u>From Prior</u>	<u>From Prior</u>	<u>From Prior</u>
\$ Change	691,098	1,123,050	413,774	569,457	559,667	329,537
% Change	4.88%	7.57%	2.59%	3.48%	3.30%	1.88%

In FY19, the General Fund received a one-time prior-period remittance payment of \$300,000 in the month of November (highlighted above). Because this is a one-time payment and was not collected as part of the normal sales tax revenue from that fiscal year, the one-time payment amount will be removed for purposes of analyzing historical trends and forecasting future revenues.



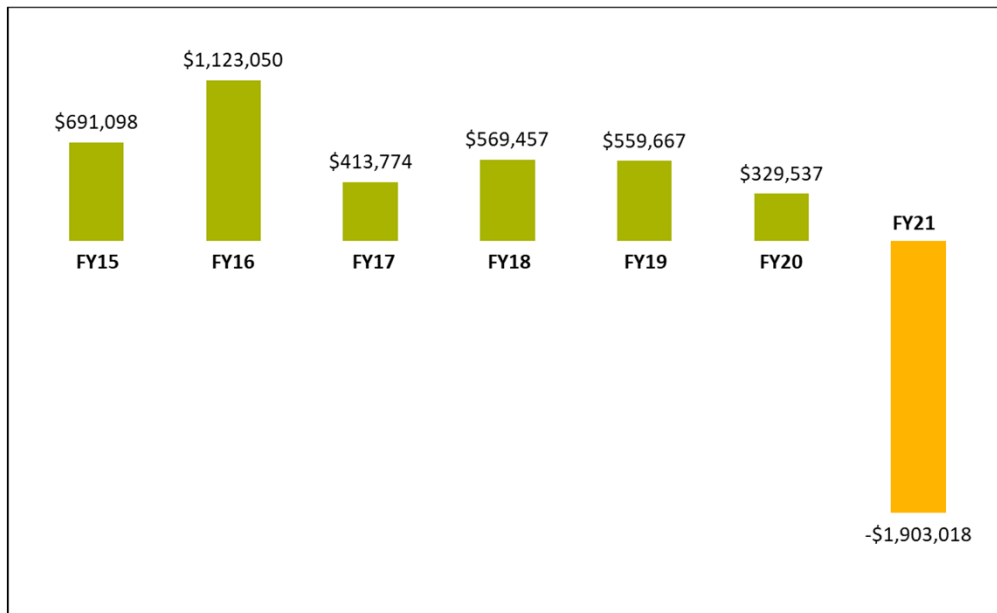
Sales Tax-Historical Trends Annual Revenue



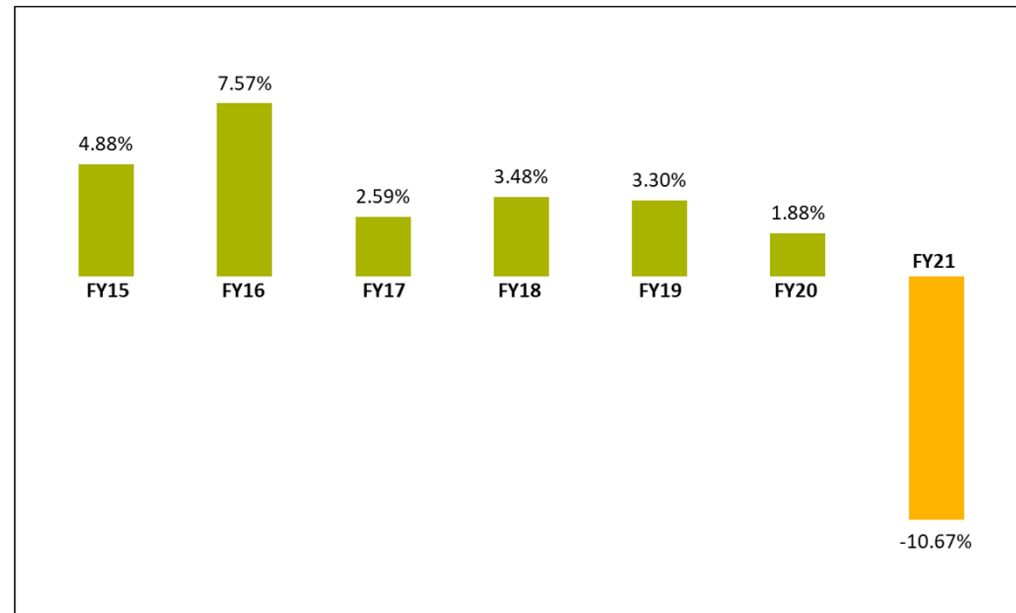
Sales Tax-Historical Trends

Change From Prior Year

Change From Prior Year - \$ Amount



Change From Prior Year - Percentage



Franchise Taxes

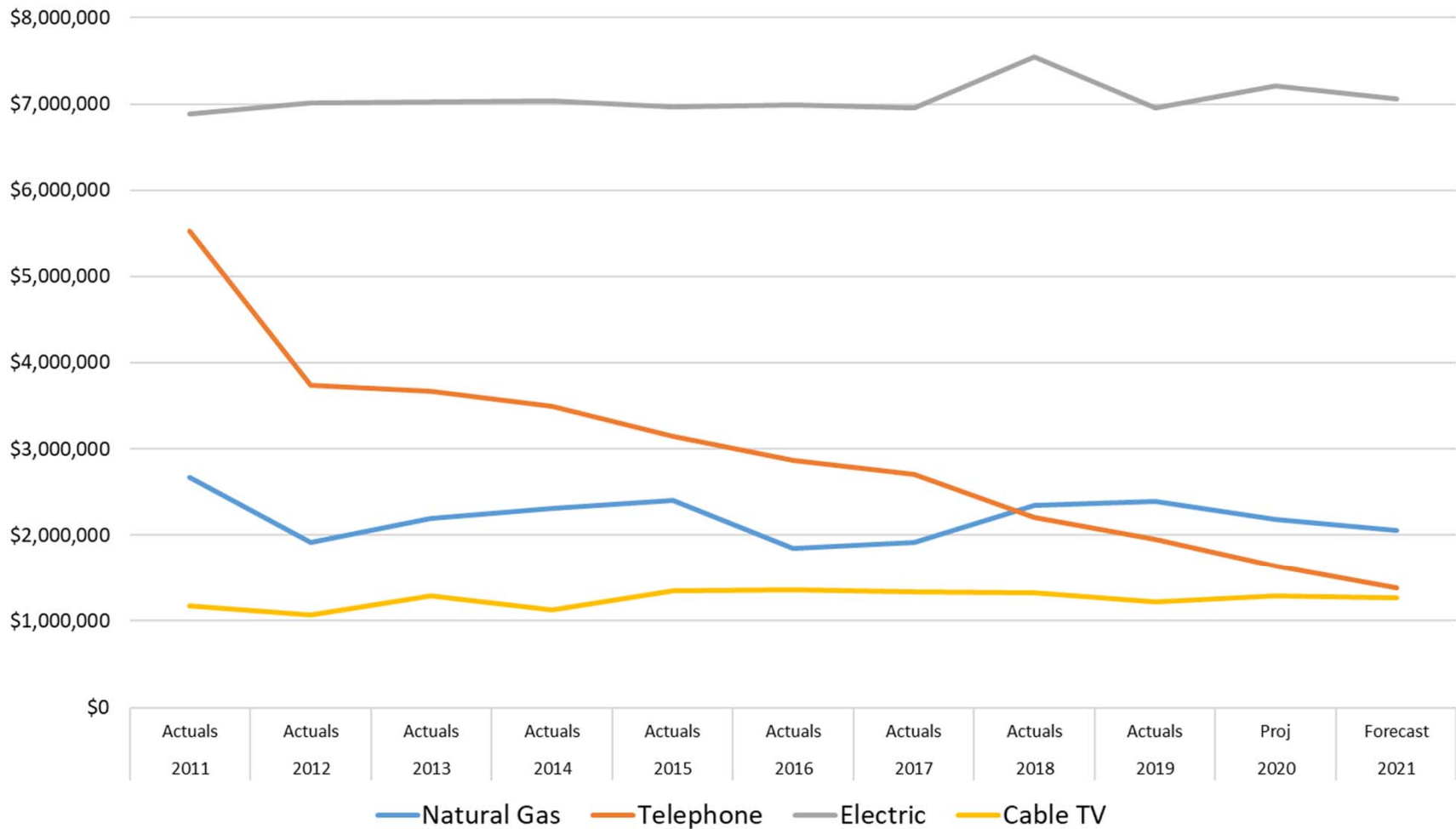
	2019	2020	2020	2021	Change from FY20 Budget		Change from FY20 Proj	
	Actuals	Budget	Proj	Budget	\$	%	\$	%
Natural Gas	2,394,693	2,101,323	2,180,203	2,059,083	-42,240	-2.01%	-121,120	-5.56%
Telephone	1,950,523	1,937,147	1,635,754	1,387,119	-550,028	-28.39%	-248,635	-15.20%
Electric	6,957,592	7,290,412	7,212,579	7,062,347	-228,065	-3.13%	-150,232	-2.08%
Cable TV	1,222,524	1,296,444	1,292,099	1,261,708	-34,736	-2.68%	-30,391	-2.35%
Total	12,525,332	12,625,326	12,320,635	11,770,257	-855,069	-6.77%	-550,378	-4.47%

Methodology:

- Natural Gas: 5-year average (baseline) and subtract 3%
- Telephone: subtract 3-year average annual percentage decrease (15.2%) from baseline (FY20 Projection)
- Electric: 3-year average (baseline) and subtract out 3%
- Cable TV: subtract 3-year average annual percentage decrease (2.3%) from baseline (FY20 Projection)



Franchise Taxes



Other Revenues

	2019	2020	2020	2021	Change from FY20 Budget		Change from FY20 Proj	
	Actuals	Budget	Proj	Budget	\$	%	\$	%
Motor Vehicle Taxes	3,653,245	3,694,164	3,797,020	3,408,925	-285,239	-7.72%	-388,095	-10.22%
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Materials and Fuel Sales	2,842	2,000	3,652	3,945	1,945	N/A	293	8.02%
Investment Earnings	727,475	330,000	330,000	111,304	-218,696	-66.27%	-218,696	-66.27%
Other	1,635,911	2,139,500	2,479,174	2,481,942	342,442	16.01%	2,768	0.11%
Sale of Property	2,970,703	0	0	0	0	0.00%	0	0.00%
Transfers In	742,110	906,097	906,097	870,113	-35,984	-3.97%	-35,984	-3.97%



Use Tax

- The Use Tax is on the June 2, 2020 ballot.
- If approved by voters, the Use Tax would go into effect October 1, 2020.
- The estimated Use Tax revenue is NOT included in the FY21 General Fund Revenue Forecast.
- The following is the estimated amount of revenue that the City's General Fund would have received for the last four quarters where data is available:
 - CY19 Q3: \$194,201
 - CY19 Q2: \$194,898
 - CY19 Q1: \$189,596
 - CY18 Q4: \$238,822
 - Total: \$817,517



FY21 Revenue Forecasts

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*FY19 and FY20 Property Tax revenue has been updated to reflect the changes with how PILOT revenues are reported.

