

# Presentation on the Business & Industry Fund

# BUSINESS AND INDUSTRY FUND

YEAR BEGINNING JULY 1, 2020

**FY2021  
BUDGET**

## REVENUES:

Business & Industry Tax (Hotel)	366,246
Penalty / Fines and Forfeitures	
Transfers	
Contributions	
Interest Earnings (loss)	

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<b>Total Revenues</b>	<b>\$ 366,246</b>
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## EXPENDITURES:

Administrative Fees	10,313
Discount Expense	6,498
Interest Expense	
Contributions	
Downtown Mainstreet Inc (DLSMS)	30,000
Downtown Mainstreet Inc: Downtown Masterplan	
LS Economic Development Council	137,500
LS Chamber of Commerce	25,522
LS Chamber Marketing PSA	78,750
Velocity	35,000

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<b>Total Expenditures</b>	<b>\$ 323,583</b>
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## Excess of Revenues Over (Under)

<b>Expenditures</b>	42,663
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<b>Fund Balance, Beginning of Year</b>	<b>\$ 208,244</b>
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<b>Fund Balance, End of Year</b>	<b>\$ 250,907</b>
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When the budget for the Business & Industry Fund was constructed:

- Revenues (Hotel/ Motel Tax) were budgeted for the full year.
- Expenditures (PSA funding) were budgeted for six months (or at half of the prior year levels).

# Hotel/ Motel Tax: Original Forecast – FY21 Budget

## Methodology:

- July-September: 60% decrease from 2-year pre-COVID average
- October-June: 25% decrease from 2-year pre-COVID average

Month	Budget 2021
July	24,778
Aug	24,358
Sept	22,446
Oct	34,300
Nov	42,362
Dec	30,309
Jan	23,557
Feb	26,917
Mar	22,870
Apr	29,918
May	35,516
June	48,916
<b>Total</b>	<b>366,246</b>

# Hotel/ Motel Tax: Actual Revenues

Month	Actual 2015	Actual 2016	Actual 2017	Actual 2018	Actual 2019	Actual 2020	Actual 2021	Chg frm Prior	2021 Actual Cumulative	Budget 2021	2021 Budget Cumulative	Pre-Covid 2 yr AVG	2 Yr Avg Cumulative
July	38,927	40,750	46,238	37,868	55,982	67,907	31,246	-54.0%	31,246	24,778	24,778	61,945	61,945
Aug	37,767	46,991	47,751	59,588	58,627	63,163	37,031	-41.4%	68,277	24,358	49,136	60,895	122,840
Sept	31,677	42,380	39,957	58,490	66,212	46,020	35,453	-23.0%	103,730	22,446	71,582	56,116	178,956
Oct	35,033	35,622	39,330	51,347	50,051	41,416	30,753	-25.7%	134,483	34,300	105,882	45,734	224,689
Nov	32,654	41,668	41,313	40,604	52,091	60,873				42,362	148,244	56,482	281,171
Dec	25,416	28,543	24,211	36,765	37,741	43,083				30,309	178,553	40,412	321,583
Jan	22,671	23,150	28,231	37,103	32,103	30,716				23,557	202,110	31,410	352,993
Feb	24,995	23,285	30,974	27,163	37,546	34,232				26,917	229,027	35,889	388,882
Mar	21,022	24,230	26,774	31,091	28,234	32,752				22,870	251,896	30,493	419,375
Apr	38,019	33,065	40,787	38,291	41,489	24,105				29,918	281,814	39,890	459,265
May	47,379	51,125	39,201	45,394	49,314	12,171				35,516	317,329	47,354	506,619
June	45,899	50,078	38,633	69,334	61,109	(16,238)				48,916	366,246	65,222	571,840
<b>Total</b>	<b>401,459</b>	<b>440,886</b>	<b>443,399</b>	<b>533,038</b>	<b>570,499</b>	<b>440,201</b>	<b>134,483</b>			<b>366,246</b>		<b>571,840</b>	

## Variances

	<u>From Prior</u>			<u>Act to Budget</u>		<u>Act to Avg</u>						
\$ Change	58,856	39,427	2,513	89,639	37,461	(130,298)	(84,023)			28,601		(90,206)
% Change	17.2%	9.8%	0.6%	20.2%	7.0%	-22.8%	-38.5%			27.01%		-40.1%

# Hotel/ Motel Tax Revenue: COVID-19 Impact

- Revenue receipts are on a one-month lag.
- Example: Hotel/ Motel tax revenues received in May are from revenues received by hotel/ motel entity in April.
- Important: the Stay-at-Home order/ social distancing requirements for Jackson County were put into place on March 24, 2020.
  - April was the first full month where the COVID-19 orders/ requirements were in place.
  - May revenues are the first full month of the COVID-19 impact on hotel/ motel tax revenues.

COVID Impact on revenues - May 2020 to present			
Month	2 yr AVG	Actuals	% Decrease
May	47,354	12,171	-74.30%
June	65,222	17,704	-72.86%
July	61,945	31,246	-49.56%
August	60,895	37,031	-39.19%
September	56,116	35,453	-36.82%
October	45,734	30,753	-32.76%
<b>Total</b>	<b>337,265</b>	<b>164,358</b>	<b>-51.27%</b>

# Hotel/ Motel Tax: Updated Forecast – FY21 Budget

## Methodology:

- July-October: Actuals
- October-June: 50% decrease from 2-year pre-COVID average.

Month	Updated FY21 Forecast
July	31,246
Aug	37,031
Sept	35,453
Oct	30,753
Nov	28,241
Dec	20,206
Jan	15,705
Feb	17,945
Mar	15,247
Apr	19,945
May	23,677
June	32,611
<b>Total</b>	<b>308,059</b>

# Business & Industry Fund: Updated Fund Balance

Revenues (12 months)	308,059
<u>Expenditures (<b>6 months</b>)</u>	<u>323,583</u>
Excess of Revenues Over (Under) Expenditures	(15,525)
Fund Balance, Beginning of Year	208,244
Fund Balance, End of Year	192,720

# Business & Industry Fund: Reserve Balance

- City Ordinance No. 7428 outlines the General Fund Reserve Balance Guidelines.
  - A fund balance shall be maintained in an amount equal to that of at least two average months of regular operating revenues or expenditures, whichever is greater based on the prior fiscal year, to address emergencies and provide for economic stability.
- A similar approach is recommended for the Business & Industry Fund reserve balance.
  - Prior Year (FY20) Expenditures: \$635,783
  - Recommended Reserve Balance (Two Average Months of Expenditures): \$105,964

# Business & Industry Fund: Excess Funds Over Recommended Reserve Balance

Fund Balance, End of Year (Updated Forecast)	192,720
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<u>Recommended Reserve Balance</u>	<u>105,964</u>
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Excess Funds Over (Under) Reserve Balance	86,756
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# Public Service Agreements

## **BUSINESS AND INDUSTRY FUND**

YEAR BEGINNING JULY 1, 2020

**FY2021  
BUDGET\***

There are not enough funds available to provide an additional six months of expenditures for the Public Service Agreements:

- PSA Expenditures (6 months): \$306,722
- Excess funds over Reserve Balance: \$86,756

### **EXPENDITURES:**

Administrative Fees	10,313
Discount Expense	6,498
Interest Expense	
Contributions	
Downtown Mainstreet Inc (DLSMS)	30,000
Downtown Mainstreet Inc: Downtown Masterplan	
LS Economic Development Council	137,500
LS Chamber of Commerce	25,522
LS Chamber Marketing PSA	78,750
Velocity	35,000

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<b>Total Expenditures</b>	<b>\$ 323,583</b>
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# Concluding Remarks and Questions