

Legislation Text

File #: 2020-3701, **Version:** 1

Fiscal Sustainability Concept #1 - Establish a Target Amount

Issue/Request:

Fiscal Sustainability Concept #1 - Establish a Target Amount

Key Issues:

For the FY21 Budget, the City forecasted having revenues less than expenditures by approximately \$5.6 million, which would require the City to spend down the General Fund Reserves by that amount. This has allowed the City to operate the entire FY21 period without significant adjustments to current levels of service, expenditures, or revenues. City staff is committed to working with the City Council to use this time to review, analyze, and plan for projected long-term impacts of the COVID-19 pandemic. This presentation is a continuation of the fiscal sustainability analysis and discussion with the City Council.

An important fiscal sustainability concept is to establish a "target amount". This is the estimated difference between revenues and expense. The target amount will be determined by reviewing and analyzing trends, and projecting out future revenues and expenses. This presentation will focus on the General Fund revenues through the first quarter of FY21.

Proposed City Council Motion:

Not applicable. This presentation is for informational purposes.

Background:

For the City of Lee's Summit, "fiscal sustainability" means that basic City services can be provided in a resilient manner, while maintaining a level of revenues that consistently meets or exceeds projected expenditures.

Impact/Analysis:

An analysis of budgeted revenues to actual revenues for the first quarter of FY21 was conducted on the following General Fund revenues: property tax, sales tax, franchise taxes, motor vehicle taxes, and ambulance fees. These revenues account for approximately 85% of all General Fund revenues. Specific information about each of the revenues is supplied in the presentation. In summary, actual revenues through the first quarter of FY21 for sales tax, franchise taxes, motor vehicle taxes, and ambulance fees are greater than budgeted amounts by approximately \$820,000 (or 8.18%). (Property tax actual amounts are not available because the City usually receives a majority of the property tax revenue in January.)

Also, it is important to mention that there is information in the presentation about the Use Tax and the projected General Fund revenue.

Other Information/Unique Characteristics:

The Employee Fiscal Sustainability Ideas survey is included in the packet materials and is mentioned on the

presentation slide titled "Fiscal Sustainability Concepts". There were 92 total survey responses and 89 responses are included in the packet materials. (Two of the survey responses were removed because they were fiscal sustainability ideas that specifically applied to Parks and Recreation. Those two responses were shared with the Parks and Recreation administration. One other response was removed because it was a duplicate response - the same response was submitted multiple times by the same person.) The Management Team has reviewed the fiscal sustainability ideas that were submitted by the employees and is currently in the process of prioritizing and analyzing the ideas. After the City has established a target amount, these ideas can be used to help the City ensure fiscal sustainability.

Also, there is information in the presentation about upcoming budget monitoring and review that will take place with the Finance and Budget Committee:

- General Fund Financial Dashboards: November 9 through end of year.
- Business and Industry Fund Review: November 9, 2020.
- FY21 Budget Year-End Projections: February 8, 2021.
- FY22 General Fund Revenue Forecast: April 12, 2021.
- Presentation of Proposed FY22 Budget: April 26, 2021.
- Committee Review of Proposed FY22 Budget: May 3, 2021 and May 10, 2021.

Stephen Arbo, City Manager
Chris Clubine, Management Analyst

Recommendation: Not applicable. This presentation is for informational purposes.

Committee Recommendation: [Enter Committee Recommendation text Here]