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Presentation of the FY20 November General Fund Financial Dashboards

Issue/Request:

Presentation of the FY20 November General Fund Financial Dashboards

Key Issues:

The General Fund year-to-date (YTD) revenues through the month of November for FY2020 total approximately \$24.1 million. This total is greater than budgeted estimates by approximately \$2.4 million (or 11.2%). The following is information about the major variances:

- **Property Taxes:** The YTD actuals for Property Taxes total approximately \$2.66 million. This amount is greater than YTD budgeted amounts by \$2.66 million. The variance between actuals and budget is due to the fact the actuals in this revenue category, which is the Property Tax-PILOT revenue, was not budgeted to occur until December.
- **Sales Tax-Local Sales Tax:** The YTD actuals for Local Sales Tax revenue total approximately \$7.3 million. This amount is less than YTD budgeted amounts by approximately \$343,000 (or 4.49%) and less than FY19 actual amounts through the same time period by \$271,000 (or 3.58%). The following is important information to consider regarding Local Sales Tax revenues:
 - In November of FY19, the actuals for that month included a one-time payment of approximately \$300,000. This one-time payment was for a settlement of Local Sales Tax revenues from prior fiscal years. This is important to consider when looking at year-to-year comparisons for Local Sales Tax revenues. For example, if the one-time amount was removed then the FY19 actuals amount through the month of November would equal \$7,279,973. By comparison, the FY20 actuals amount through the month of November total \$7,308,764. This would mean that current YTD Local Sales Tax actuals for FY20 would be slightly greater than the FY19 Local Sales Tax actuals through the same time period by \$28,791 (or 0.4%)
 - The first seven months of Local Sales Tax revenues for FY19 (July through January) started off

showing significant levels of growth over the same time period in FY18. Specifically, FY19 Local Sales Tax revenues through the month of January were 7.69% greater than the same time period through FY18. With that said, the remaining five months of FY19 (February through June) did not see the same levels of growth over FY18. FY19 finished the fiscal year with Local Sales Tax revenues being greater than FY18 revenues by 5.07%. This is important to consider because the spreads for the budgeted Local Sales Tax revenues are based on historical data.

- Franchise Taxes: The YTD actuals for Franchise Taxes are less than budgeted amounts by approximately \$250,000 (or 4.3%) and less than FY19 actual amounts through the same time period by approximately \$455,000 (or 7.5%). The variances are primarily the result of the following franchise taxes:
 - Natural Gas Franchise Tax: The Natural Gas Franchise Tax revenues for FY20-November have not been processed. As a result, the YTD actuals are significantly less than the YTD budget and previous year actuals.
 - Telephone Franchise Tax: This is a revenue source that continues to see significant decreases from prior years. Specifically, the FY20 Telephone Franchise Tax YTD actuals are less than FY20 budget amounts by approximately \$116,000 (or 14.3%) and FY19 actuals through the same time period by approximately \$199,000 (or 22.2%).
- Motor Vehicle Taxes: This revenue category is greater than budgeted estimates by approximately \$55,000 (or 3.5%). All three of the revenues that make up this revenue category (MV Fuel Tax, MV Sales Tax, and MV License/ Transfer fee) have YTD actuals greater than the current year YTD budget estimates and previous year YTD actuals.
- Fines and Forfeitures: The primary cause of the variance is due to a specific revenue account ("penalty/ interest other") having a significant variance between the YTD budget estimate and the YTD actuals amount.
- Licenses and Permits: This revenue category is approximately \$470,000 (or 42.7%) greater than budgeted estimates. The largest variances in this revenue category where YTD actuals have exceeded YTD budget estimates are in storm sewer inspection fees, grading permits, codes inspection fees, water inspection fees, and street inspection fees. It is important to mention that due to the weather in FY19 (i.e. multiple snow events, cold temperatures, wet Spring, etc.), construction projects were delayed into FY20, which is a cause for the increased YTD revenues in this category.
- Charges for Service: The YTD actuals in this category are greater than budgeted estimates by approximately \$93,000 (or 2.6%). One of the primary causes of this variance is that the actual revenues for EMS/ Ambulance Fees are greater than the budgeted estimates by approximately \$68,000. This is important to note because although this accounts for an increase in revenue in this category, there is a corresponding expense increase for bad debts and insurance adjustments associated with EMS/ Ambulance Fees.
- Investment Earnings: The YTD revenue for this category is approximately \$74,000 (or 47.4%) greater than budgeted estimates.
- Other: This revenue category is less than budgeted estimates by approximately \$188,000 (or 38.2%). The variance is due to the fact that two major revenue sources within this category, capital project

reimbursement and legal reimbursement, have not been processed.

The General Fund YTD expenses and encumbrances through the month of November for FY2020 total approximately \$31.6 million. This total is less than budgeted estimates by approximately \$2.8 million (or approximately 8.1%). The following is information about the major revenue categories and variances:

- **Personnel Services:** This expense category accounts for approximately two-thirds of all expenses in the General Fund. The YTD actuals for Personnel Services are less than budgeted estimates by approximately \$125,000 (or less than 1%).
- **Interdepartment Charges:** The Interdepartment Charges are the charges that the General Fund pays to other funds. Examples include Equipment Replacement Funds (also known as ERPs) and overhead payments. The variance in this expense category is due to the funds for one of the departments being encumbered a month earlier than budgeted.
- **EMS Adjustment:** The EMS Adjustment expense category is greater than budgeted estimates by approximately \$67,000. This is due to the bad debt and insurance adjustment expenses for EMS/ Ambulance Fees being greater than estimated. It is important to mention that although this expense category is greater than budgeted estimates, the Charges for Services-Ambulance Fees revenues are also greater than budgeted estimates by a similar amount (approximately \$68,000).

There are several expense categories where the YTD actuals are significantly less than YTD budget estimates. Reasons for these variances include how expenses were spread in the budget and some expenses having not occurred yet but will occur later in the fiscal year.

Proposed City Council Motion:

N/A

Background:

N/A

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