

Legislation Details (With Text)

File #:	2020-3282	Name:	
Type:	Presentation	Status:	Filed
File created:	1/31/2020	In control:	Finance and Budget Committee
On agenda:	2/10/2020	Final action:	2/10/2020
Title:	Presentation of the FY20 General Fund Mid-Year Projections		
Sponsors:			
Indexes:			
Code sections:			
Attachments:	1. Presentation		

Date	Ver.	Action By	Action	Result
2/10/2020	1	Finance and Budget Committee	received and filed	

Presentation of the FY20 General Fund Mid-Year Projections

Issue/Request:

Presentation of the FY20 General Fund Mid-Year Projections

Key Issues:

Part of the budget process includes a mid-year review and analysis of General Fund revenues and expenses to project year end totals.

The General Fund revenues for Fiscal Year 2020 are projected to total \$75,671,866. This projected revenue amount is less than the budgeted estimates by \$47,477 (or 0.06%). There are several revenue categories where there is a variance between the budget estimate and projection estimate. Some of those areas to highlight include:

-Property Tax: As a category, property tax projections are less than budget estimates by \$121,237 (or 0.53%). Although the projection amount is less than budgeted estimates, it is important to look at the individual property taxes that make up the category. Specifically, actual property tax receipts for Property Tax-Jackson County total \$17,468,039, which is greater than the budgeted estimate by approximately \$206,954. On the other hand, projected revenues for Payments in Lieu of Taxes (PILOT) total \$2,679,496, which is less than the budgeted estimate by approximately \$310,035. It is important to point out that approximately 85% of PILOT revenues are passed through to other entities. As a result, although the revenues are less than budgeted, there also is a decrease on the expense side for PILOT expenses.

-Sales Tax: As a category, sales tax projections are less than budget estimates by \$683,494 (or 3.77%). There are multiple sales taxes that make up this revenue category. Local Sales Tax revenue is projected to total \$17,835,380, which is less than the budget estimate by approximately \$760,828 (or 4.09%). In comparison to FY19 actuals, FY20 local sales tax revenue is projected to be greater by only \$29,437 (or 0.17%). If the projection holds true, this would be the first year since FY2013 that the City has not experienced Local Sales

Tax revenue growth over the prior fiscal year of at least 2.5%. In fact, the average growth over the prior fiscal for local sales tax revenue from FY2014 to FY2019 was \$778,755 or 5.22%.

-Franchise Taxes: As a category, franchise taxes are projected to be less than budgeted estimates by \$304,691 (or 2.41%). The major cause of the variance in this revenue category is due to the Telephone Franchise Tax. Telephone Franchise Tax revenue is projected to total \$1,635,754, which is less than budgeted estimates by \$301,393 (or 15.56%).

-Motor Vehicle Taxes: All three motor vehicle taxes that make up this category (Motor Vehicle Fuel Tax, Motor Vehicle Sales Tax, and Motor Vehicle License/ Transfer Fee) are projected to have year-end actuals greater than the budgeted estimates. As a category, it is projected that revenues from Motor Vehicle Taxes will total \$3,797,020, which is greater than budgeted estimates by \$102,856 (or 2.78%).

-Other Taxes: This revenue category is projected to total \$346,314, which is greater than budgeted estimates by \$51,140 (or 17.33%). The cause of the variance is due to year-to-date (YTD) actual receipts for the Intangible Tax revenue being greater than the budgeted estimate by approximately \$60,000.

-Licenses and Permits: YTD actuals for development related license fees and permits (i.e. storm sewer inspection fees, grading permits, codes inspection fees, etc.) have been greater than budgeted estimates. As a revenue category, it is projected that revenues for licenses and permits will be greater than budgeted estimates by approximately \$481,500 (or 17.93%). It is important to mention that due to the weather in FY2019 (i.e. multiple snow events, cold temperatures, rainy and wet Spring, etc.), construction projects were delayed into FY2020, which is a cause for the increased YTD revenues in this category.

-Charges for Service: This revenue category is projected to be greater than budgeted estimates by approximately \$176,077 (or 1.88%). The cause of the variance is due to the revenue for Ambulance Fees being greater than budgeted. It is important to mention that although there is a projected increase in revenues for Ambulance Fees, there is also a projected increase in expenses associated with Ambulance Fees (insurance adjustment and bad debt write-off).

-Other: This revenue category is projected to be greater than budgeted estimates by approximately \$339,674 (or 15.88%). The cause for the variance is due to increased refunds and reimbursements to the General Fund, and increased revenues for Capital Project Reimbursement.

The General Fund expenses for Fiscal Year 2020 are projected to total \$77,952,449. This projected expense amount is less than the budgeted estimates by approximately \$235,179 (or 0.30%). Major variances to mention include:

-Personnel Services: This expense category accounts for approximately 66% of all expenses. It consists of all expenses related to personnel including salaries, payroll taxes, health insurance, retirement (LAGERS), and other miscellaneous expenses (tuition reimbursement, boot allowances, etc.). This category is projected to be less than budgeted estimates by approximately \$246,577 (or 0.48%).

-Other Supplies, Services, and Charges: This expense category is projected to be less than budgeted estimates by approximately \$124,268 (or 1.18%). The primary cause of the variance is due to portions of a project not being completed in the current fiscal year.

-Receivables Adjustment: For the General Fund, the receivables adjustment category is comprised of the insurance adjustment and bad debt write-off for Ambulance Expenses. As it was mentioned above, although it is projected that there will be increased revenues for Ambulance Fees, it is also projected that the receivables adjustment expenses associated with Ambulance Fees will be increased over budgeted estimates. As a category it is projected that the Receivables Adjustment expense will be greater than budget estimates by \$161,060 (or 4.09%).

Proposed City Council Motion:

This presentation is for informational purposes. No proposed City Council motion is required.

Background:

N/A

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