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Presentation of the FY22 General Fund Mid-Year Revenue 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 2022 are projected to total \$83,580,945. This projected revenue amount is expected to exceed budgeted estimates by \$3,751,070 (or 4.7%). There were several revenue categories that were estimated to be higher than budgeted. Some revenue categories were projected to be below trends and actual performances of prior years. FY22 Budget was projected to be \$2,893,944 (or 3.95%) less than the FY20 Budget as a whole. Some of those areas to highlight include:

-Property Tax: As a category, property tax projections were projected to be 17.2% greater than the FY21 Budget and 8.5% above actuals. The FY22 Actuals were projected at \$992,065 (or 4%) greater than budget estimates based on receivables to date.

-Sales Tax: Revenues were projected at 29% above the FY21 Budget as a category with the addition of the Use Tax. The FY22 budget anticipated an impact of COVID-19 to Sales Taxes, however there has been significantly higher revenues than projected for Sales Tax through January of 2022 with revenues \$555,057 (or 4.8%) above budget estimates. As the largest revenue in this category, Sales Tax were projected to \$737,493 (or 3.9%) above FY22 Budget estimates. In comparison to FY21 actuals, FY22 Local Sales Tax is expected to be greater by \$404,200 (or 2.3%). Use Tax revenues have exceeded budget estimates significantly by \$1,015,602 (or 111.5%) through January 2022 as minimal information was available to develop the budget estimate. FY22 Use Tax revenues were projected to continue the trend through January 2022 and were projected to exceed budget estimates by \$1,730,787 (or 110.9%).

-Franchise Taxes: As a category, franchise taxes are projected to be less than budgeted estimates by \$104,435

(or -0.9%). Telephone Franchise Tax is projected to be \$47,298 (or -2.1%) below budget estimates and more notably Cable Franchise Tax revenue projections are less than the budget estimates by \$116,785 (or -9.4%).

-Motor Vehicle Taxes: Motor vehicle taxes (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 \$3,843,999, which is greater than budgeted estimates by \$245,584 (or 6.8%).

-Other Taxes: This revenue category is projected to exceed budgeted estimates by \$5,162 (1.6%). The receipts for the Cigarette Tax revenue are projected to continue trending downward as has been indicated historically and were projected to be below budget estimates by \$5,225 (or 2.2%). Intangible taxes were projected using FY22 budget estimates as revenues have not been collected to date.

-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 less than budgeted estimates. As a revenue category, it is projected that revenues for licenses and permits will be less than budgeted estimates by approximately \$177,735 (or 4.8%).

-Charges for Service: This revenue category is projected to exceed budgeted estimates. The primary source of the variance in this category is from Ambulance Fees. The revenue from ambulance services are projected to exceed budget estimates by \$464,535 (or 6.3%) It is important to mention that the expense adjustments (insurance adjustment and bad debt write-off) typically are not realized immediately.

The General Fund expenses for Fiscal Year 2022 are projected to total \$79,966,621. This projected expense amount is less than the budgeted estimates by approximately \$1,180,218 (or -1.5%). Major variances to mention include:

-Personnel Services: This expense category accounts is expected to account for 68% 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 \$1,149,808 (or -2.1%). Position vacancies are a significant contributor to the lower budget projections.

-Other Services, Supplies and Charges: This expense category is projected to be exceed than budget estimates by \$602,751 with a total of \$12,519,952. The primary cause of the projected increase is the reallocation of the stormwater utility study that has resulted in the creation of a project fund which offset with the Transfer Out category.

-Fuel & Lubricants: This expense category is projected to be less than budgeted estimates by approximately \$56,243 (or -12.1%). The primary cause of the variance is the lower actual fuel price per gallon than utilized for budgeting.

Proposed City Council Motion:

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

Background:

N/A

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