



# FY2021 BUDGET WORKSHOP 2020 FINANCIAL OUTLOOK

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# Conservative Budget Approach

- Revenues are budgeted conservatively
- Contingencies are included in expenditures

\*In the 2020 budget - 10% of General Fund expenditures were budgeted for miscellaneous contingencies. The maximum allowed by State law 10%.

# Water & Wastewater Funds

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Both the Water and Wastewater funds had reserve carryover equal to 5 months of 2020 Budgeted expenditures.

## Year-To-Date

Water usage billed through May 2020 has increased by 9% over the same period in 2019.

- Water Fund user fees billed through May 2020 are 8.6% higher than fees billed through May 2019.
- Wastewater Fund user fees billed through May 2020 are 3.4% higher than fees billed through May 2020.

# Bond Rating

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The City's bond rating was **upgraded** in March of 2020 from a "AA-" to a "AA" bond rating. This upgraded bond rating gave the City very favorable interest rates on our recently issued Bonds and Temporary Notes, thus lowering our borrowing costs for the Government Services Center & Police Station Project.

The rating agency stated the following factors were the reasons for the Bond Rating upgrade:

- Very strong budgetary flexibility
- Very strong liquidity
- Strong budgetary performances
- Strong management
- Strong Institutional framework

# New Debt

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Bond payments for 2021 increase by \$329,660 due to the final financing for the Government Services Center in March. The impact on the mill levy is unknown until valuations are received but due to the favorable bond rating and interest rates along with increased valuations the past two years, the mill levy impact will be less than originally expected.

# Capital Improvement Funds

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The City currently has two funding sources specifically for Capital needs.

- 1) Emergency Services Capital Sales Tax** – ¼ cent sales tax for emergency services capital.
- 2) Capital Improvement Sales Tax** – ¼ cent sales tax for general capital.

*\* Both 2020 sales tax estimates have been reduced from \$500,000 to \$475,000*

# Carryover (Reserves)

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Over the past 8 years the City carried over reserves of at least 40% of our expenditures for the year in the General Fund. The City carryover from 2019 to 2020 was 49% of the 2020 Budgeted Expenditures. The majority of the healthy carryover was due to unused contingencies and personnel budget as well as additional revenue from fines, court fees, and sales taxes in 2019.

The budgeted carryover from 2020 to 2021 is 24% of 2020 Budgeted expenditures.

At this time, the City's estimated carryover due to reduced revenue (notably associated with COVID-19) in 2020 is 15% of 2020 Budgeted expenditures with an estimated reduction of about 1 million in revenue.

# Multi-Year Capital Improvement Plan

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During the 2020 Budget Process, the City Council approved a Multi-Year Capital Improvement Plan.

To fund the Multi-Year Capital Improvement Plan, the City established a **Capital Improvement Reserve Fund** and an **Equipment Reserve Fund**.

The 2020 Budget includes transfers from the General Fund to both Reserve Funds to begin financing the Multi-Year Capital Improvement Plan.

The Capital Improvement and Equipment Reserve Funds will be reviewed for possible reductions due to the anticipated revenue shortfalls in 2020 (specifically dedicated Sales Tax).



# Sales Tax Revenue

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**City Sales/Use Tax** collections through May (reflective of March sales) are 4.92% above prior year collections. This was expected as “panic buying” likely occurred with the purchasing of goods in the wake of “stay at home” orders.

**County Sales/Use Tax** collections through May are 9.21% above prior year collections but collections for the month of May are 7.4% below prior year collections.

**Note :** *The City typically receives sales/use tax two months after the sales occur.*

# Property Tax Revenue

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Valuations changes are unknown until June 15 when we receive from each county.

The limit in taxes assessed for the 2021 budget is 1.8% (5 year CPI average) over the taxes assessed in the 2020 budget. There are exceptions to the limit including increases due to new improvements, tax abatement expirations, and increases for debt payments and public safety.

In order to exceed the limit (with exceptions), a public vote is needed

REVENUES	2017	2018	2019	2020 Budget	2020 Est	2020 Est Notes
City sales/use tax	\$2,498,436	\$2,542,316	\$2,756,864	\$2,500,000	\$2,375,000	25% reduction beginning in June (April sales)
City ad valorem (net of NRP rebates)	\$1,624,449	\$1,715,357	\$1,802,493	\$2,009,523	\$1,808,571	10% reduction
County sales/use tax	\$1,097,689	\$1,094,989	\$1,177,095	\$1,095,000	\$1,005,041	25% reduction beginning in June (April sales)
Casino revenue	\$685,901	\$763,050	\$657,663	\$685,000	\$400,000	closed 3-17-2020 reopened 5-25-2020 (YTD May, \$0 June-July, 25% Aug-Sept, 50% Oct)
Franchise fees	\$760,210	\$805,426	\$751,193	\$708,000	\$607,057	20% reduction beginning in June
Fines	\$168,753	\$337,794	\$568,156	\$250,000	\$250,000	75% reduction June-Dec
Motor vehicle tax	\$225,735	\$231,724	\$234,518	\$223,010	\$189,559	15% reduction
Amusement tax	\$44,090	\$27,054	\$44,096	\$45,000	\$0	no concerts or ren fest
Reimbursed expenses	\$164,422	\$145,443	\$230,649	\$176,000	\$95,000	no concerts reimb police - Police OT/benefits should decrease by this much
Interest	\$14,603	\$118,356	\$162,704	\$125,000	\$64,395	15% decrease from April interest for remainder of year
Loring services (streets)	\$104,627	\$106,651	\$109,370	\$106,651	\$106,651	
Liquor tax	\$69,369	\$62,913	\$71,792	\$60,000	\$40,000	bars & entertainment venues closed
Permits	\$58,129	\$271,716	\$104,337	\$90,000	\$30,000	
Loring services (emergency services)	\$26,811	\$27,330	\$28,026	\$27,330	\$27,330	
Court fees	\$31,494	\$87,976	\$151,934	\$80,000	\$70,000	75% reduction June-Dec
Licenses	\$69,600	\$77,565	\$44,400	\$65,000	\$65,000	
Service charges	\$34,988	\$9,046	\$10,617	\$9,000	\$3,000	
Payments in-lieu of tax	\$23,484	\$20,317	\$6,575	\$8,052	\$8,052	
Miscellaneous revenue	\$34,917	\$16,783	\$64,219	\$0	\$155,000	sale of property
Ambulance fees	\$0	\$0	\$173,976	\$165,000	\$155,000	
Recreation fees	\$43,764	\$35,544	\$31,643	\$35,000	\$5,000	reduction in room rental fees
Animal fees	\$4,462	\$5,422	\$6,132	\$5,000	\$4,000	reduction in impound fees
IRB Origination Fees	\$0	\$0	\$194,650		\$1,250	
Miscellaneous fees	\$33,829	\$39,453	\$35,278	\$35,000	\$27,500	
UG Agreement - Auto	\$81,250	\$81,250	\$81,250	\$81,250	\$81,250	
Grants	\$5,716	\$94,693	\$14,634	\$1,000	\$9,200	includes Fed grant for EMS CARES
Neighborhood Revitalization rebate	\$0	\$0	\$0	(\$32,595)	(\$29,336)	10% reduction
<b>SUBTOTAL</b>	<b>\$7,906,728</b>	<b>\$8,718,168</b>	<b>\$9,514,264</b>	<b>\$8,552,221</b>	<b>\$7,553,520</b>	

TRANSFERS	2017	2018	2019	2020	2020 Est	
From Water	\$155,615	\$153,750	\$122,300	\$119,690	\$119,690	
From Wastewater	\$53,500	\$52,275	\$100,300	\$93,025	\$93,025	
From Solidwaste	\$12,000	\$12,300	\$22,500	\$23,563	\$23,563	
From Special Drug & Alcohol	\$41,000	\$7,681	\$20,500	\$22,245	\$22,245	
From Stormwater	\$4,100	\$0	\$0	\$20,210	\$5,637	rates not changed - 5% of anticipated revenue
From Riverview Waterline	\$541	\$0	\$0	\$0	\$0	
<b>SUBTOTAL</b>	<b>\$266,756</b>	<b>\$226,006</b>	<b>\$265,600</b>	<b>\$278,733</b>	<b>\$264,160</b>	

**TOTAL ALL REVENUES**      **\$8,173,484**      **\$8,944,174**      **\$9,779,864**      **\$8,830,954**      **\$7,817,680**

Unencumbered Cash Balance,	2017	2018	2019	2020	2020 Est	2020 Budget over Estimate
Cash Balance beginning January 1st	\$3,915,702	\$4,741,205	\$5,837,202	\$5,606,218	\$5,606,218	
Annual Revenues (above)	\$8,173,484	\$8,944,174	\$9,779,864	\$8,830,954	\$7,817,680	(\$1,013,274)
<b>Total Funds Available</b>	<b>\$12,089,186</b>	<b>\$13,685,379</b>	<b>\$15,617,066</b>	<b>\$14,437,172</b>	<b>\$13,423,898</b>	<b>(\$1,013,274)</b>
<b>Less: Restricted Funds (IRB)</b>			<b>\$194,650</b>			
Fund Expenditures (below)	\$7,347,981	\$7,848,177	\$9,816,198	\$11,635,063	\$11,635,063	\$0
<b>General Fund Year End Balance</b>	<b>\$4,741,205</b>	<b>\$5,837,202</b>	<b>\$5,606,218</b>	<b>\$2,802,109</b>	<b>\$1,788,834</b>	<b>(\$1,013,274)</b>