

# CITY COUNCIL AGENDA ITEM COVER SHEET

**Meeting Date:** May 11, 2020

**To:** Honorable Mayor and Members of the City Council

**From:** Will Norris, Finance Dir. / Asst. City Manager

**Subject:** Third Quarter Financial Performance Report

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## **Background:**

The Third Quarter (Q3) Financial Report includes nine months of financial data through seventy-five percent of the 2019-20 Fiscal Year (FY). The attached report includes full-year estimates-to-close based on historical spending patterns and staff knowledge of upcoming expenditures. The attached projections are based on actual financial data through March 31<sup>st</sup> with expectations of COVID19 impacts. The Q3 revenue and expenditure projections are the basis for the FY2020-21 General Fund beginning balance.

## **Discussion:**

### *General Fund Revenues*

Financial data through March 31<sup>st</sup> only hinted of COVID19 impacts to select revenues. Parking was the first and most pronounced revenue source to show early signs of decline amid the pandemic. Meter receipts were down 32% in March as compared to the same month in 2019. Meter receipts can vary month-to-month due to coin emptying schedules. Parking fine revenue was down 70% year over year, but this also coincides with staff turnover in the parking enforcement officer position.

Transient Room Tax (TRT) collected in March for February stays was up slightly from the same time the prior year. Preliminary collections numbers in April for March stays shows a 50% decline in TRT from the same time period last year. Projections anticipate an 80% TRT decrease for April, May, and June stays.

Ambulance revenues were particularly strong in March, exceeding \$100,000 in a single month. The projections are for lower receipts over the next three months due to a steep decrease in transfers observed during the COVID19 pandemic. Despite the downward revision, ambulance revenues are still expected to exceed budget due to a strong first three quarters of the year. The modest downward revision to ambulance projections are partially offset by a Federal CARES act reimbursement of 19,537.57 for ambulance providers. It is also important to note that payments trail transports, meaning that the revenue impacts of fewer ambulance trips may not be observed for several months.

### *General Fund Expenditures*

Anticipated General Fund expenditures are generally unchanged from the prior quarterly financial report. Operating department projections changed by \$15,113 or one tenth of

one percent from December's financial report. Fire/EMS expenditures are still expected to exceed budget by approximately \$90,000 as noted in the prior financial report. A yearend supplemental budget will address this overage by recognizing higher than anticipated ambulance revenues and appropriated the revenue to Fire/EMS overtime.

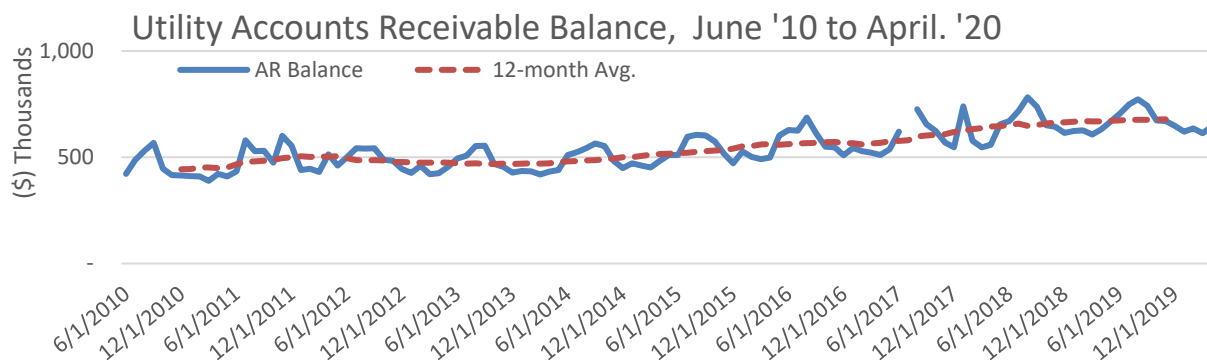
The largest change from the Q2 financial report is in non-departmental expenditures for direct COVID19 response. This includes increased public communications expenditures, one-week of lunches for area families in need over Spring Break, and additional other smaller response expenditures.

Overall, the General Fund yearend projected financial position decreased by roughly \$640,000 as compared to the Q2 financial report provided to City Council in January. This change is almost entirely attributable to revised revenue expectations associated from COVID19 impacts.

*Other Major Revenues*

The biggest financial risk outside of the General Fund is the temporary moratorium on utility late fees, interest, and shut-offs enacted under the COVID19 State of Emergency. The impact of unpaid bills will not be apparent in topline revenue because charges are still accruing with or without payment. Instead, staff is monitoring monthly accounts receivable (AR) balances. AR balances are the sum of all unpaid bills. These figures will spike upward if a large proportion of customers choose to defer utility payments.

The graph below shows monthly water, sewer, and stormwater AR balances going back to June, 2010. Balances increase seasonally during the summer with increased water usage. Balances have also increased slowly over time as the number of utility customers grow and rates increase incrementally. April's AR balance showed no discernable spike, suggesting that customers are generally remaining current on their utility bills for the time being.



Gas taxes received through April are not yet showing signs of weakening. Improved air quality and dropping gas prices indicate fuels sales are down significantly. Over the middle-term, lower gas prices may increase gas taxes because tax rates are a flat number of cents per gallon and not a percentage of sales price.

**Staff Recommendation:**

Receive and file quarterly financial report for the period ending March 31, 2020.

**Attachments**

Quarterly Financial Report

**GENERAL FUND REVENUE SUMMARY, Through March (75% of Fiscal Year)**

Resources	Budget	Actual Through Mar. 2020	Year End Estimate	Year End Estimate Over / (Under) Budget	Percent of Budget Received thru Mar. 2020	Fiscal Year 2018-19	
						Revenue thru Mar. 2019	Year-End Actual
<b>Taxes</b>							
Current Property Tax	2,428,417	2,311,072	2,420,909	(7,508)	95%	2,234,764	2,315,999
Transient Room Tax	1,659,856	1,064,413	1,172,671	(487,185)	64%	1,043,932	1,557,097
Local Marijuana Tax	107,455	90,233	104,868	(2,587)	84%	75,518	87,766
All Other	55,316	70,963	81,214	25,898	128%	40,260	57,392
<b>Licenses &amp; Permits</b>							
Franchise Fees	803,552	494,358	759,835	(43,717)	62%	510,717	802,278
Utility Fees	594,832	454,958	623,804	28,972	76%	440,250	588,237
Parking Meter Receipts	669,165	455,210	547,892	(121,273)	68%	466,708	661,672
All Other	135,000	105,633	144,493	9,493	78%	102,100	146,682
<b>Fines &amp; Forfeitures</b>							
Parking Fines	190,715	151,023	163,467	(27,248)	79%	182,536	237,674
Municipal Court Revenue	261,754	246,424	259,027	(2,727)	94%	206,686	222,909
All Other	36,000	21,055	28,269	(7,731)	58%	16,993	22,735
<b>Intergovernmental</b>	312,442	220,610	330,321	17,879	71%	200,267	276,093
<b>Charges for Services</b>							
Ambulance Revenues	777,700	740,616	959,004	181,304	95%	616,238	858,892
All Other	183,063	249,512	293,762	110,699	136%	146,265	195,568
<b>Interest Earnings</b>	92,933	74,263	109,657	16,724	80%	71,724	98,760
<b>Misc. Revenues</b>	105,069	107,044	117,131	12,062	102%	295,951	307,392
<i>Sub-total Operating Revenues</i>	<i>8,413,269</i>	<i>6,857,390</i>	<i>8,116,323</i>	<i>(296,946)</i>	<i>82%</i>	<i>6,650,912</i>	<i>8,437,149</i>
<b>Interfund Transfers In</b>	-	-	-	-	-	806,101	806,101
<b>TOTAL</b>	<b>8,413,269</b>	<b>6,857,390</b>	<b>8,116,323</b>	<b>(296,946)</b>	<b>82%</b>	<b>7,457,013</b>	<b>9,243,250</b>

**GENERAL FUND EXPENDITURE SUMMARY, through March (75% of Fiscal Year)**

Department	Budget	Actual Through Mar. 2020	Year End Estimate	Year End Estimate Over / (Under) Budget	Percent of Budget Expended thru Mar. 2020	Fiscal Year 2018-19	
						Expenses thru Mar. 2019	Year-End Actual
<b>Public Safety - Fire</b>	2,591,204	1,971,780	2,706,093	114,889	76%	1,774,040	2,373,777
<b>Public Safety - EMS</b>	963,039	758,276	1,073,167	110,128	79%	783,061	897,411
<b>Public Safety - Police</b>	2,494,555	1,853,598	2,430,280	(64,275)	74%	1,709,704	2,278,108
<b>Parks</b>	600,490	338,737	473,405	(127,085)	56%	381,319	525,325
<b>Planning</b>	589,831	392,829	524,040	(65,791)	67%	326,730	461,404
<b>Parking</b>	506,752	312,781	436,468	(70,284)	62%	283,073	417,085
<b>Engineering</b>	227,764	195,700	240,963	13,199	86%	78,892	271,034
<b>Municipal Court</b>	133,037	97,434	135,519	2,482	73%	95,302	134,911
<b>City Council</b>	25,376	8,037	11,773	(13,603)	32%	25,745	32,159
<i>Sub-total Dept. Expenditures</i>	<i>8,132,048</i>	<i>5,929,171</i>	<i>8,031,708</i>	<i>(100,340)</i>	<i>73%</i>	<i>5,457,866</i>	<i>7,391,214</i>
<b>Non-Departmental</b>							
Materials & Services	183,765	187,612	223,765	40,000	102%	124,140	188,194
Interfund Transfers Out	-	-	-	-	-	1,123,743	1,123,743
Contingency	117,601	-	25,000	(92,601)	-	-	-
<b>TOTAL</b>	<b>8,433,414</b>	<b>6,116,783</b>	<b>8,280,473</b>	<b>(152,941)</b>	<b>73%</b>	<b>6,705,749</b>	<b>8,703,151</b>

FY2019/20 Beginning Bal.	<b>3,608,694</b>
Proj. FY2019/20 Change in Fund Bal.	<b>(164,150)</b>
Proj. FY2019/20 Ending Bal.	<b>3,444,544</b>

<b>Pooled Cash &amp; Investments</b> <i>(All Funds, Including URA)</i>	
Mar. 2019	24,436,546
Mar. 2020	28,121,710

**OTHER MAJOR REVENUE SOURCES SUMMARY, through March (75% of Fiscal Year)**

Revenue	Budget	Actual Through Mar. 2020	Year End Estimate	Year End Estimate Over / (Under) Budget	Percent of Budget Received thru Mar. 2020	Fiscal Year 2018-19	
						Revenues thru Mar. 2019	Year-End Actual
<b>Gas Tax - Local</b>	359,256	251,658	367,510	8,254	70%	237,355	342,356
<b>Gas Tax - State</b>	626,611	444,445	643,926	17,315	71%	402,170	534,032
<b>Utility Charges</b>							
Water	2,869,321	2,121,990	2,814,850	(54,471)	74%	2,106,254	2,804,721
Sewer	4,032,636	3,049,650	4,088,855	56,219	76%	2,938,970	3,942,288
Storm	533,439	410,777	547,987	14,548	77%	390,414	521,050