

Village Manager's Office

SUBJECT: 2020 Financial Analysis- Period 8 Update

MEETING DATE: September 22, 2020

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Background

The Village of Wilmette recognizes that coronavirus (COVID-19) will place a significant impact on the financials of the Village. The State of Illinois implemented a 'Stay at Home' order that started on Saturday, March 21, 2020. This order will place economic pressure on Wilmette and its budget. Staff has conducted an analysis of the potential financial impact on the Village's major funds and the below analysis shows the outcomes for the Village's General Fund.

At the April 28, 2020 Village Board meeting, staff presented initial projections for the impact of COVID-19 on the Village's revenues and expenses. At the May 26, June 23 and July 28 and August 25, 2020 Village Board meetings, staff presented updated financial projections based upon the Village's actual revenue and expense experience.

Discussion

The updated revenue and expense projections are outlined below. The analysis focuses on changes in revenues estimates for each of the scenarios, changes in the expense projections, and provides an overview of the impact on Village reserves and cash balances.

Revenues

The primary impact of COVID-19 will be focused on Village revenues. These factors have been updated based upon performance. There are two different scenarios for the revenue impact based upon the duration of COVID-19 and the accompanying financial implications. These scenarios do not assume a full recovery to prior economic activity. Additionally, the Village continues to have revenue exposures if there is another surge in COVID-19 cases and the State re-implements business activity restrictions.

- Scenario #1 assumes economic improvement starting in the 3rd Quarter
- Scenario #2 assumes economic improvement starting in the 4th Quarter

Over the past month, staff monitored revenues and gathered additional information to refine projections. The information gathered over the last month is driven by the analysis of Period 8 (August) performance compared to projections

- Staff reviewed the performance of different revenues compared to the initial budget. The below table shows Period 8 performance compared to the original projection. Revenues for the month of August were down 12.5% compared to budget. Attachment #1 provides a comparison of monthly revenue performance through the first eight months of 2020. Overall revenues are down 5.5% compared to budget year to date.

	Amount	Over/(Under)
P08 Actual	\$4,323,489	
P08 Budget	\$4,942,320	(\$618,831)

- Additionally, staff reviewed the performance of different revenues compared to the two revenue scenarios. The below table shows Period 8 performance compared to the revenue scenarios. Period 8 performance was up 15% and 17% compared to scenario #1 and #2 respectively. Attachment #2 provides a comparison of actual revenues compared to both scenarios since the development of the financial model.

	Amount	Over/(Under)
P08 Actual	\$4,323,489	
P08 Scenario #1	\$3,764,599	\$558,891
P08 Scenario #2	\$3,693,143	\$630,346

This deviation in the performance compared to budget and the scenarios is driven primarily by the timing of the property tax disbursements. Earlier in the year, when Cook County delayed the property tax due date, staff shifted revenues to October in accordance with the new due date. Due to this shift, the P08 actuals have performed worse than the start of year budget projections but are performing better than the two scenarios. Ultimately, staff expects to fully collect the full property tax levy. The below section will detail the August performance and updates to the projections for the Village’s major revenue sources in the General Fund.

- Income Tax
 - As noted in last month’s report, income tax disbursements for the month of August overperformed comparatively to budget figures and 2019 performance. This was due to the State of Illinois’ delay of income tax filing and the subsequent revenue from those filings. Through 8-months, income tax revenues have performed relatively in line with budget projections. Additionally, staff has received preliminary information on the September disbursement, which indicates a 21% increase compared to budget. *Staff has updated the September figures to reflect this disbursement, but future month assumptions will be maintained.*
- Licenses
 - Licenses, which includes business, contractor, and liquor licenses and vehicle stickers performed in line with budgetary figures. This was due to the continued catch-up in vehicle sticker revenues which underperformed in the second quarter. Overall vehicle sticker revenues are at \$1.43 million, which is \$44 thousand below year to date budget estimates. *The current assumption for both scenarios will be maintained.*

- Fuel Tax
 - In the month of August, fuel tax receipts underperformed compared to 2019 actuals and 2020 budget. This is in part due to payment delinquency from several vendors and the continued sensitivity of this revenue source. *The current assumption for both scenarios will be maintained.*
- Hotel Tax
 - Hotel tax receipts continued to decline in the month of August. Revenues were down 44% compared to budget but did align with staff projections in scenarios #1 and #2. *The current assumption for both scenarios will be maintained.*
- Permits
 - Permit revenues in August were \$180 thousand, which overperformed Scenario #1 by \$57 thousand and was up 10% compared to budget. This performance continued the positive trend over the past three months. *The current assumptions for scenario #1 and scenario #2 have been updated to reflect a 5% improvement in total revenues for permits.*
- Property Taxes
 - In period eight, property taxes overperformed projections by \$315 thousand. This was driven by timing of the disbursement. When Cook County delayed the property tax due date, staff shifted a component of the Village's property tax distribution to October to reflect the new due date. However, August performance indicates that we overperformed compared to both scenarios but underperformed compared to original budget projections. *Overall, 2020 property tax projections will not be impacted, and the October projections have been reduced to reflect this revenue timing shift.*
- Real Estate Transfer Tax
 - In period eight, revenue was up 250% compared to budget, with revenues at \$249 thousand compared to a \$99 thousand budget. Through period eight, total revenues are up \$80 thousand compared to budget and \$12 thousand compared to 2019 actuals. The current assumption for quarter four for real estate transfer taxes is a 5% reduction. *To remain conservative, the current assumptions for real estate transfer tax both will be maintained.*
- Sales Tax
 - The revenues received in August are related to May sales, therefore August revenues continued to be directly impacted by COVID-19 business closures. Home Rule Sales Tax receipts in the month of August were \$122,136, which was 31.1% under the budget of \$177,194. Municipal Tax (including local use tax) receipts for August were \$293,105, which was 10.9% under the budget of \$328,864. The underperformance of municipal tax is offset by increased revenues in local use tax, which is driven by online sales. Overall, sales tax figures have aligned with the scenario projections. Additionally, staff has received preliminary information on the September disbursement, which indicates a 16% decrease in home rule sales tax and a 0.4% increase in sales tax compared to budget. Both sales tax significantly overperformed compared to each scenario. *Staff has updated the September figures to reflect these disbursements, but future month assumptions will be maintained.*
- Ambulance Billing
 - Starting in period five, staff recognized a 6% reduction in ambulance transport fees, which was driven by a reduction in ambulance transports. Through period

eight, ambulance billing fees are down by 5.1% compared to budget. *The current assumption for both scenarios will be maintained.*

- Utility Taxes
 - Utility taxes continue to trend below budget; this trend is caused primarily by the telecommunications tax and is not directly related to COVID-19 but rather has been trending downward for several years. *Staff made revisions in prior periods to both scenarios and will maintain the updated scenarios.*
- CARES Funding
 - The Village is currently in the process of applying for assistance from Cook County and FEMA for reimbursement costs from the Coronavirus Relief Fund. These funds will be a reimbursement for expenses associated with the Village's COVID-19 response. Staff is projecting \$189 thousand in reimbursements. This revenue has been added in the Grants/Contributions revenue below as staff expects to receive reimbursement from the County by year end.

Revenue Outcomes

The revenue outcomes combine both period eight performance and updated revenue assumptions for both scenarios. The 2020 budget for General Fund revenues is \$34.17 million. During the first eight periods of 2020, revenues tracked 5.5% below budget. The chart layers in the updated impacts of scenario #1 and scenario #2 and shows the total reduction from budget.

The arrows indicate if there was a change from prior assumptions. These assumption changes are based upon prior period performance and indicate staff's projections on the revenue impacts for the remainder of the year; yellow arrows indicate no change; red arrows indicate the revenue assumptions decreased; and green arrows indicate revenue assumptions improved. The updated impact range for the General Fund is a revenue reduction from \$1.55 million to \$1.87 million.

Revenue Type	Budget	Scenario #1 Reduction		Scenario #2 Reduction	
Grant/Contributions	0.13	0.19	↑	0.19	↑
Income Tax**	2.92	(0.16)	↑	(0.16)	↑
Licenses	1.84	(0.08)	↔	(0.09)	↔
Other	4.11	(0.61)	↔	(0.65)	↔
Permits	2.02	(0.20)	↑	(0.32)	↑
Property Tax	10.37	-	↔	-	↔
Real Estate Transfer Tax	1.08	0.06	↔	0.03	↔
Sales Tax**	5.41	(0.58)	↑	(0.72)	↑
Service Charges	3.18	0.01	↔	-	↔
Utility Tax	2.05	(0.17)	↔	(0.17)	↔
Water Fund Transfer	1.05	-	↔	-	↔
Totals	\$ 34.17 M	\$ (1.55) M	↑	\$ (1.87) M	↑
Total Revenue	\$ 34.17 M	\$ 32.62 M		\$ 32.29 M	

*in Millions

**based upon known actuals from month of September

There are several attachments that show the changes in the financial model since its initial inception in April and how the model continues to evolve on a monthly basis:

- Attachment #3 shows the model change for both Scenario #1 and Scenario #2 by each major revenue category.
- Attachment #4 show the model change for both Scenario #1 and Scenario #2 on a period by period basis.
- Attachment #5 shows the total projected revenue reduction change for major revenue categories in both Scenario #1 and Scenario #2.

Expenses

In addition to reviewing the Village’s revenues, staff looked closely at expenses and how they will impact the finances of the Village in 2020. The development of the expense model for the financial analysis included the review of historical spending patterns and the analysis of cash flow projections for major capital outlays. Over the past month, staff monitored expenses and gathered additional information to provide more precise projections. The additional information gathered over the last month is driven by two primary sources:

1. Analysis of Period 8 (August) performance compared to projections

- Staff reviewed the performance of expenses compared to the initial budget. The below chart shows Period 8 performance compared to the original projection. Overall, the performance in August was down 3.6% compared to budget. Attachment #6 provides a comparison of monthly expense performance through the first eight months of 2020. Overall expenses are down 8.4% compared to budget through the first eight months.

	Amount	Over/(Under)
P08 Actual	\$3,336,605	
P08 Projection	\$3,460,859	(\$124,254)

- While expenditures for period eight were down significantly compared to budget; a significant portion of the underspend was associated with capital projects and purchases. These expenses such as spending on the road program or purchase of new vehicles including police squad cars have been shifted to later periods, so they are still included in the year end projections.
2. Factoring in saving options and incremental expenses into the projection. The savings opportunities delineated below mitigate the impact of the COVID-19 pandemic without major service impacts to our residents. The additional costs provide support to the local economy in light of the pandemic.
- Savings
 - \$245,000 in personnel expenditures – This 1% projected savings includes savings for regular wages of \$230 thousand and overtime of \$15 thousand. These savings in personnel are due to holding vacant positions open and reduction in overtime work. This amount previously included projected savings for benefits but was removed due to the Section 105 transfer in the month of August.

- \$184,000 in operating expenditures –Includes savings for street lighting, winter operations, vehicle costs such as fuel and maintenance, urban forestry, training and a variety of other line items.
 - \$150,000 for the engineering program – Includes bid savings for the street resurfacing program, alley maintenance, and brick street maintenance.
 - \$242,000 for capital equipment replacement fund (CERF) –Includes the deferral of the sidewalk snowplow and council chambers A/V equipment.
 - \$200,000 for the deferral of the comprehensive plan
 - \$125,000 for reduction of Hotel Tax Rebate based upon reduced hotel tax receipts
 - \$285,000 for reduction of contingency expenses that includes the NSEBC special assessment and grant funds that total \$250,000. There is a corresponding revenue that has also been reduced from the budget projections. The remaining \$35,000 is the removal of the budgeted debt service fund transfer, this is a direct savings to the General Fund. Due to adequate receipt of property tax monies into the Debt Service Fund year-to-date, a transfer from the General Fund will not be required.
- Additional Costs
 - \$531,000 for economic grant program – This includes \$375,000 for the sales tax rebate grant and \$156,000 for the service business grant.
 1. \$276 thousand of the amount approved for grants have been disbursed. Based upon Village Board discussion, unspent grant funds of \$255 thousand have been shifted to October for the potential distribution of additional grants to local businesses.

In addition to the updates to General Fund expenses, staff made adjustments to capital expenses in both the Sewer Fund and the Water Fund. These shifts were due to timing of payments for major projects including the Neighborhood Storage Project and improvements to the Water Plant.

Expense Outcomes

The 2020 budget for General Fund expenses is \$35.54 million. From an overall perspective, the Village has had significant savings compared to our budget projections. The below chart layers in the savings options and additional expenses. The updated expense projection for 2020 in the General Fund is \$34.65 million.

	Amount
2020 Budget	\$ 35.54
2020 Updated Projection	\$ 34.65 ↓
Differential	\$ (0.90)

Reserve Impact

Based upon the projected impacts to revenues and expenses, staff reviewed the impact on the Village’s projected General Fund reserve levels. The below chart shows the projected impacts:

	Budget	Scenario #1	Scenario #2
2020 Beginning Reserve	\$ 15.01	\$ 15.01	\$ 15.01
Revenues	\$ 34.17	\$ 32.62	\$ 32.29
Expenses	\$ (35.54)	\$ (34.65)	\$ (34.65)
Projected Ending Reserve	\$13.64	\$ 12.98 ↑	\$ 12.65 ↑
% of Operating Expense	38.4%	36.5%	35.6%

**In millions*

Other Funds

As we move into the 2021 budget review, staff is also providing an update on the other major operational funds in the Village budget; Water Fund, Sewer Fund, and Parking Meter Fund.

- The Parking Meter Fund has been significantly impacted by COVID-19. Transaction figures between the CTA and Metra lots have dropped from January totals of 10,000 to approximately 650 in August, with a low transaction level of 100 in the months of April and May. Due to this drop off in ridership corresponding revenues have declined and it may be necessary for other funds to support the Parking Meter Fund as part of the 2021 budget.
- In the Sewer Fund expenditures are aligning with budgetary figures and revenues are down slightly from budget, this is caused directly from the stormwater utility fee. Property ERU's and billing practices were refined and stormwater detention and institutional/501(c)3 credits were implemented lowering the projected revenue totals. From an overall perspective reserve levels (calculated as a percent of expense) are expected to increase from 33% to 37%.
- In the Water Fund, there are expense savings due to personnel savings from holding open positions. From a revenue perspective, North Main wholesale water charges came online in June as expected. It should be noted that the expected water consumption increase has not been fully factored into revenue projections as residential billing for the summer months is still being gathered due to timing of bills. Staff will provide updates as summer billing cycles are completed, which should increase revenues. From an overall perspective reserve levels (calculated as a percent of expense) are expected to increase from 37% to 46%.

Next Steps

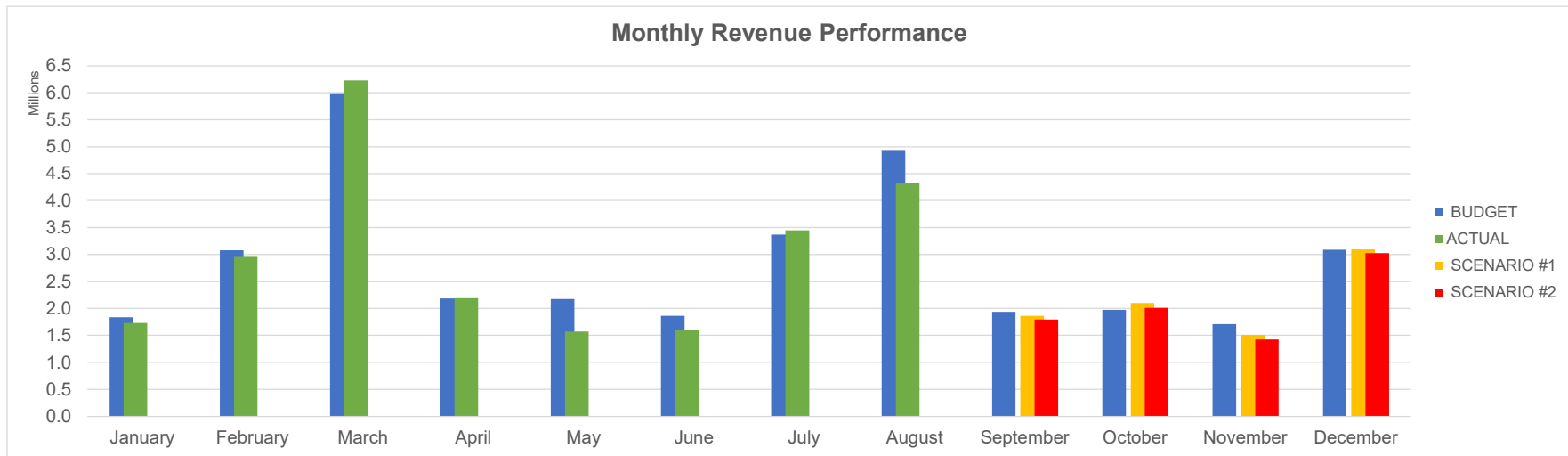
From an overall perspective, the Village continues to be strongly positioned to weather an economic slowdown due to COVID-19. The Village's strong reserve levels and diverse revenue streams provide flexibility to the Village during these uncertain times. Village staff will continue to monitor, analyze, and report to the Village Board as more information is gathered. This data allows more precise projections and adjustments to the financial strategy accordingly.

Attachments

1. Monthly Revenue Performance and Scenario Updates
2. Revenue Performance Compared to Projections
3. Updates to Revenue Scenarios by Major Revenue Category
4. Updates to Revenue Scenarios by Period
5. Updates to Revenue Impacts by Major Revenue Category
6. Monthly Expense Performance and Scenario Updates
7. Presentation of Mid-Year Financial Review

GENERAL FUND REVENUES

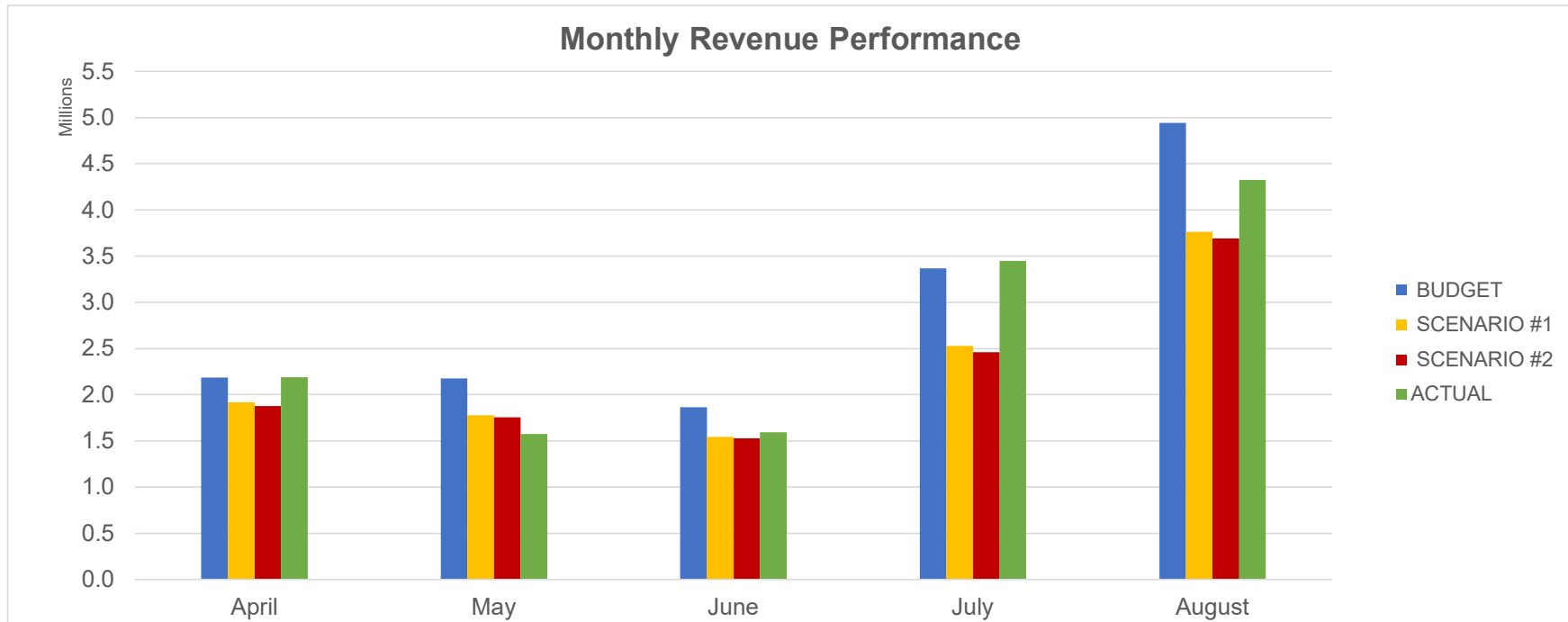
	BUDGET	ACTUAL	SCENARIO #1	SCENARIO #2	BUDGET to ACTUAL	% DIFFERENCE
January	1,836,195	1,731,889			(104,306)	-5.7%
February	3,081,793	2,956,617			(125,176)	-4.1%
March	5,995,548	6,226,912			231,364	3.9%
April	2,184,002	2,190,285			6,283	0.3%
May	2,176,355	1,573,245			(603,110)	-27.7%
June	1,864,224	1,592,991			(271,233)	-14.5%
July	3,368,853	3,447,257			78,404	2.3%
August	4,942,320	4,323,489			(618,831)	-12.5%
September	1,939,049		1,864,439	1,792,612		
October	1,976,431		2,102,529	2,009,097		
November	1,712,937		1,512,722	1,424,350		
December	3,087,703		3,093,390	3,023,543		
Grand Total					(1,406,605)	-5.5%



Village Board Follow-Up
Financial Update

REVENUE PROJECTION PERFORMANCE

	ACTUAL	BUDGET	SCENARIO #1	SCENARIO #2
April	2,190,285	2,184,002	1,917,613	1,878,612
May	1,573,245	2,176,355	1,776,791	1,756,158
June	1,592,991	1,864,224	1,543,863	1,526,435
July	3,447,257	3,368,853	2,529,311	2,459,678
August	4,323,489	4,942,320	3,764,599	3,693,143
Total	\$ 13,127,267	\$ 14,535,754	\$ 11,532,177	\$ 11,314,026
% DIFFERENCE		-9.7%	12.2%	13.8%



**Village Board Follow-Up
Financial Update**

SCENARIO #1

	Budget	April Model	May Model	June Model	July Model	August Model	September Model
GRANT/CONTRIBUTIONS	130,000	130,000	130,000	130,000	130,000	130,000	319,000
INCOME TAX	2,919,000	2,660,785	2,462,693	2,406,042	2,459,740	2,688,863	2,759,915
LICENSES	1,836,500	1,608,290	1,635,268	1,637,620	1,718,954	1,753,558	1,756,493
OTHER	4,110,710	3,764,379	3,826,230	3,656,272	3,487,263	3,498,020	3,499,511
PERMITS	2,023,500	1,671,197	1,581,228	1,572,207	1,649,847	1,764,071	1,821,208
PROPERTY TAX	10,374,800	10,374,800	10,374,800	10,374,799	10,374,799	10,374,800	10,374,800
REAL ESTATE TRANSFER TAX	1,080,000	878,212	881,668	887,377	904,526	977,178	1,140,652
SALES TAX	5,409,000	4,567,886	4,637,158	4,546,097	4,606,615	4,685,150	4,825,579
SERVICE CHARGES	3,178,900	3,061,488	3,109,691	3,106,736	3,147,203	3,180,987	3,184,148
UTILITY TAX	2,053,000	1,998,181	1,912,362	1,889,080	1,887,989	1,881,366	1,884,456
WATER FUND TRANSFER	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000
Grand Total	34,165,410	31,765,216	31,601,097	31,256,231	31,416,936	31,983,994	32,615,762
Change from Prior Month		(2,400,194)	(164,119)	(344,867)	160,705	567,057	631,768
% Change from Prior Month		-7.0%	-0.5%	-1.1%	0.5%	1.8%	2.0%

SCENARIO #2

	Budget	April Model	May Model	June Model	July Model	August Model	September Model
GRANT/CONTRIBUTIONS	130,000	130,000	130,000	130,000	130,000	130,000	319,000
INCOME TAX	2,919,000	2,487,635	2,462,693	2,406,042	2,459,740	2,688,863	2,759,915
LICENSES	1,836,500	1,592,092	1,619,606	1,622,202	1,706,045	1,743,959	1,750,828
OTHER	4,110,710	3,634,535	3,751,100	3,589,278	3,423,299	3,448,221	3,464,098
PERMITS	2,023,500	1,503,476	1,413,507	1,404,482	1,482,121	1,617,482	1,707,404
PROPERTY TAX	10,374,800	10,374,800	10,374,800	10,374,799	10,374,799	10,374,800	10,374,800
REAL ESTATE TRANSFER TAX	1,080,000	793,379	796,835	802,544	819,693	935,038	1,113,509
SALES TAX	5,409,000	4,432,197	4,501,469	4,363,617	4,435,696	4,531,951	4,689,890
SERVICE CHARGES	3,178,900	2,976,902	3,036,782	3,044,460	3,131,040	3,169,869	3,178,382
UTILITY TAX	2,053,000	1,998,181	1,912,362	1,889,080	1,887,989	1,881,366	1,884,456
WATER FUND TRANSFER	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000	1,050,000
Grand Total	34,165,410	30,973,197	31,049,154	30,676,505	30,900,423	31,571,549	32,292,283
Change from Prior Month		(3,192,213)	75,957	(372,648)	223,918	671,126	720,734
% Change from Prior Month		-9.3%	0.2%	-1.2%	0.7%	2.2%	2.3%

Village Board Follow-Up
Financial Update

SCENARIO #1

	Budget	April Model	May Model	June Model	July Model	August Model	September Model	Aug to Sept Change (\$)	Aug to Sept Change (%)	Overall Change (%)
JANUARY	1,836,195	1,731,889	1,731,889	1,731,889	1,731,889	1,731,889	1,731,889	-		-5.7%
FEBRUARY	3,081,793	2,956,617	2,956,617	2,956,617	2,956,617	2,956,617	2,956,617	-	0.0%	-4.1%
MARCH	5,995,548	6,226,912	6,226,912	6,226,912	6,226,912	6,226,912	6,226,912	-	0.0%	3.9%
APRIL	2,184,002	1,917,613	2,190,285	2,190,285	2,190,285	2,190,285	2,190,285	-	0.0%	0.3%
MAY	2,176,355	1,875,627	1,776,791	1,573,245	1,573,245	1,573,245	1,573,245	-	0.0%	-27.7%
JUNE	1,864,224	1,576,855	1,554,560	1,543,863	1,592,991	1,592,987	1,592,987	-	0.0%	-14.5%
JULY	3,368,853	3,127,152	2,454,410	2,402,491	2,529,311	3,447,257	3,447,257	-	0.0%	2.3%
AUGUST	4,942,320	4,591,296	3,482,344	3,452,416	3,453,263	3,764,599	4,323,489	558,891	14.8%	-12.5%
SEPTEMBER	1,939,049	1,426,967	2,000,975	1,975,628	1,976,853	1,980,562	1,864,439	(116,123)	-5.9%	-3.8%
OCTOBER	1,976,431	1,813,176	2,796,625	2,793,311	2,787,626	2,102,529	2,102,529	-	0.0%	6.4%
NOVEMBER	1,712,937	1,565,566	1,515,288	1,505,815	1,499,910	1,512,722	1,512,722	-	0.0%	-11.7%
DECEMBER	3,087,703	2,955,547	2,914,401	2,903,758	2,898,034	2,904,390	3,093,390	189,000	6.5%	0.2%
Grand Total	34,165,410	31,765,216	31,601,097	31,256,231	31,416,936	31,983,994	32,615,762	631,768	2.0%	-4.5%

SCENARIO #2

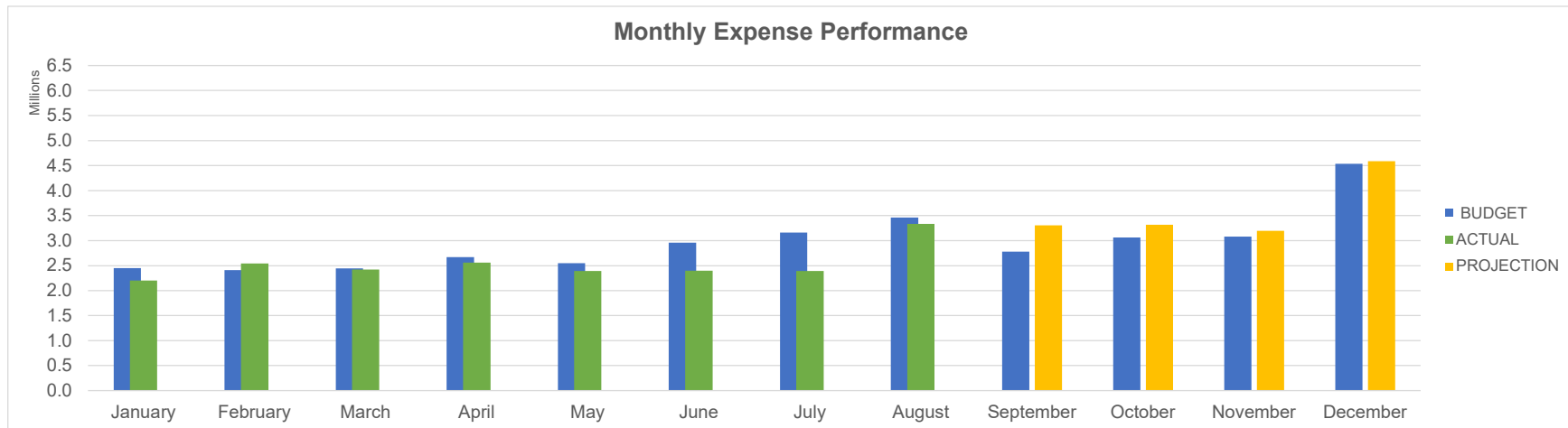
	Budget	April Model	May Model	June Model	July Model	August Model	September Model	Aug to Sept Change (\$)	Aug to Sept Change (%)	Overall Change (%)
JANUARY	1,836,195	1,731,889	1,731,889	1,731,889	1,731,889	1,731,889	1,731,889	-		-5.7%
FEBRUARY	3,081,793	2,956,617	2,956,617	2,956,617	2,956,617	2,956,617	2,956,617	-	0.0%	-4.1%
MARCH	5,995,548	6,226,912	6,226,912	6,226,912	6,226,912	6,226,912	6,226,912	-	0.0%	3.9%
APRIL	2,184,002	1,878,612	2,190,285	2,190,285	2,190,285	2,190,285	2,190,285	-	0.0%	0.3%
MAY	2,176,355	1,827,240	1,756,158	1,573,245	1,573,245	1,573,245	1,573,245	-	0.0%	-27.7%
JUNE	1,864,224	1,538,278	1,527,770	1,526,435	1,592,991	1,592,987	1,592,987	-	0.0%	-14.5%
JULY	3,368,853	3,018,182	2,383,950	2,316,200	2,459,678	3,447,257	3,447,257	-	0.0%	2.3%
AUGUST	4,942,320	4,489,078	3,403,875	3,352,842	3,359,089	3,693,143	4,323,489	630,346	17.1%	-12.5%
SEPTEMBER	1,939,049	1,326,390	1,923,485	1,877,152	1,883,806	1,891,223	1,792,612	(98,612)	-5.2%	-7.6%
OCTOBER	1,976,431	1,677,244	2,695,121	2,691,806	2,691,532	2,009,097	2,009,097	-	0.0%	1.7%
NOVEMBER	1,712,937	1,447,611	1,418,878	1,409,405	1,408,422	1,424,350	1,424,350	-	0.0%	-16.8%
DECEMBER	3,087,703	2,855,145	2,834,215	2,823,717	2,825,956	2,834,543	3,023,543	189,000	6.7%	-2.1%
Grand Total	34,165,410	30,973,197	31,049,154	30,676,505	30,900,423	31,571,549	32,292,283	720,734	2.3%	-5.5%

Total Percent Reduction in Revenues							
		April Model	May Model	June Model	July Model	August Model	Sept Model
Income Tax	Scenario #1	8.8%	15.6%	17.6%	15.7%	7.9%	5.5%
Licenses	Scenario #1	12.4%	11.0%	10.8%	6.4%	4.5%	4.4%
Permits	Scenario #1	17.4%	21.9%	22.3%	18.5%	14.0%	10.0%
Fuel Tax	Scenario #1	17.2%	17.5%	26.6%	26.6%	25.3%	26.8%
Hotel Tax	Scenario #1	25.8%	24.1%	36.6%	45.2%	46.7%	47.7%
Fines	Scenario #1	4.8%	9.1%	26.7%	24.0%	21.2%	24.4%
Real Estate Transfer Tax	Scenario #1	18.7%	18.4%	17.8%	16.2%	9.5%	(+) 5.6%
Home Rule Sales Tax	Scenario #1	18.9%	18.0%	24.4%	23.7%	22.9%	20.6%
Sales Tax	Scenario #1	13.8%	12.4%	11.7%	10.3%	8.5%	5.8%
Service Charges	Scenario #1	3.7%	2.2%	2.3%	1.0%	0.1%	0.0%
Utility Tax	Scenario #1	2.7%	6.9%	8.0%	8.0%	8.4%	8.2%

Total Percent Reduction in Revenues							
		April Model	May Model	June Model	July Model	August Model	Sept Model
Income Tax	Scenario #2	14.8%	15.6%	17.6%	15.7%	7.9%	5.5%
Licenses	Scenario #2	13.3%	11.8%	11.7%	7.1%	5.0%	4.7%
Permits	Scenario #2	25.7%	30.1%	30.6%	26.8%	21.3%	15.6%
Fuel Tax	Scenario #2	26.1%	26.4%	35.5%	35.6%	32.7%	32.2%
Hotel Tax	Scenario #2	40.7%	30.7%	42.8%	51.4%	51.2%	50.6%
Fines	Scenario #2	7.4%	11.3%	27.6%	24.8%	22.0%	25.1%
Real Estate Transfer Tax	Scenario #2	26.5%	26.2%	25.7%	24.1%	13.4%	(+) 3.1%
Home Rule Sales Tax	Scenario #2	21.5%	20.5%	29.4%	28.2%	26.3%	23.1%
Sales Tax	Scenario #2	16.3%	14.9%	14.2%	12.8%	11.0%	8.3%
Service Charges	Scenario #2	6.4%	4.5%	4.2%	1.5%	0.3%	0.0%
Utility Tax	Scenario #2	2.7%	6.9%	8.0%	8.0%	8.4%	8.2%

GENERAL FUND EXPENSES

	BUDGET	ACTUAL	PROJECTION	BUDGET to ACTUAL	% DIFFERENCE
January	2,450,266	2,201,522		(248,744)	-10.2%
February	2,412,234	2,540,631		128,397	5.3%
March	2,444,290	2,421,401		(22,889)	-0.9%
April	2,669,718	2,557,470		(112,248)	-4.2%
May	2,544,885	2,394,429		(150,456)	-5.9%
June	2,957,166	2,402,017		(555,149)	-18.8%
July	3,155,995	2,392,054		(763,941)	-24.2%
August	3,460,859	3,336,605		(124,254)	-3.6%
September	2,777,497		3,303,509		
October	3,057,661		3,317,035		
November	3,082,794		3,195,927		
December	4,536,445		4,587,621		
YEAR TO DATE				(1,849,284)	-8.4%





FY2020 Financial Update

Period 8 Update

SEPTEMBER 22, 2020

Revenue Assumptions Updates

Revenue Performance

- Performed 12.5% below budget

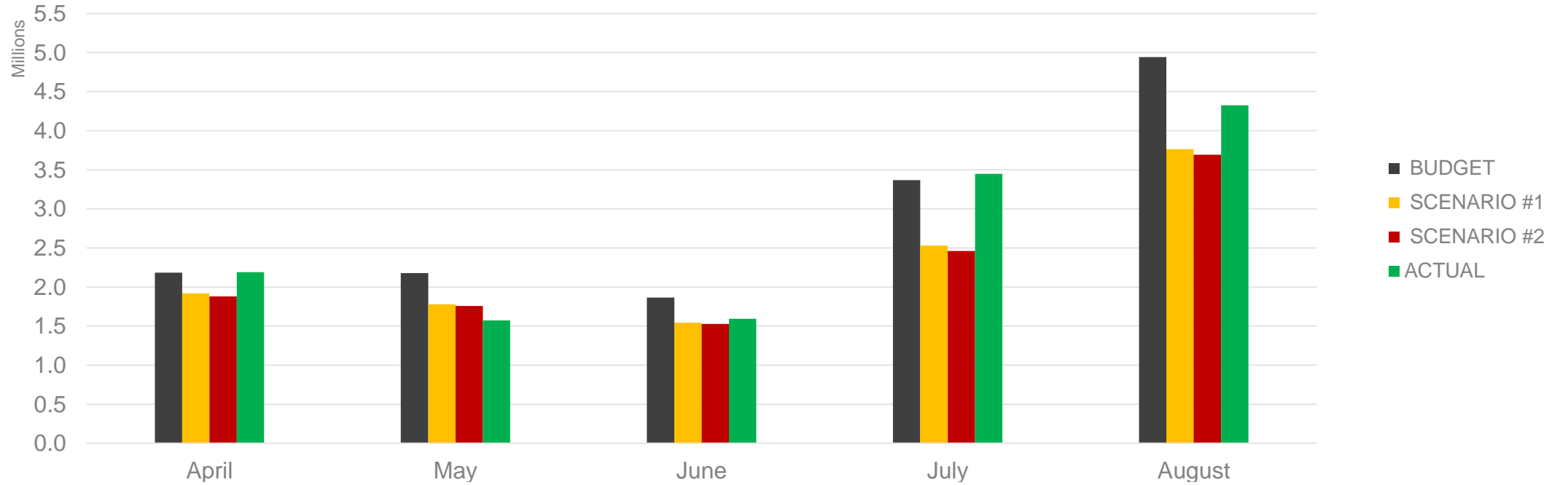
	Amount	Over/(Under)
August Actual	\$4.32 M	
August Budget	\$4.94 M	(\$0.62 M)

- Performed 15% and 17% above scenario projections

	Amount	Over/(Under)
August Actual	\$4.32 M	
August Scenario #1	\$3.76 M	\$0.56 M
August Scenario #2	\$3.69 M	\$0.63 M

- *Shift in property tax disbursement continued to impact financial performance*

Revenue Projection Performance – General Fund











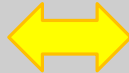
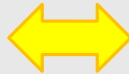
	April Model	May Model	June Model	July Model	August Model	Total
Budget	2.18 M	2.18 M	1.86 M	3.37 M	4.94 M	14.54 M
Scenario #1	1.92 M	1.78 M	1.54 M	2.53 M	3.76 M	11.53 M
Scenario #2	1.88 M	1.76 M	1.53 M	2.46 M	3.69 M	11.31 M
Actual	2.19 M	1.57 M	1.59 M	3.45 M	4.32 M	13.13 M

Revenue Projections

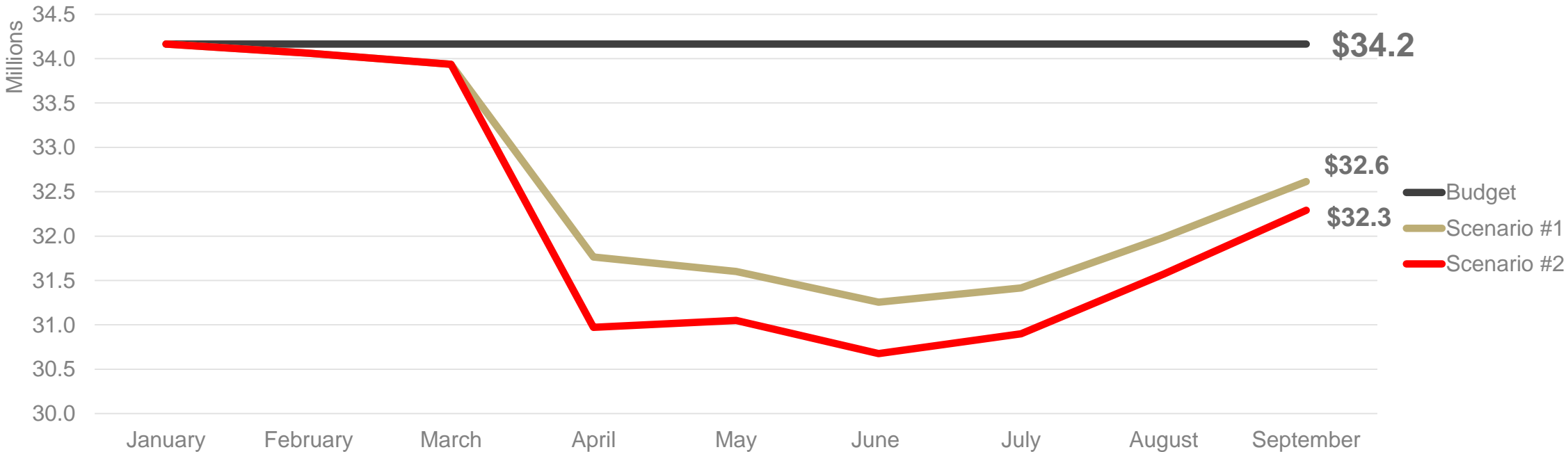
Scenario #2	% Reduction in Quarter 4 Revenues	% Reduction in Annual Revenues
Income Tax	22.5%	5.5%
Licenses	30.0%	4.7%
Permits	25.0%	15.6%
Fuel Tax	25.0%	32.2%
Hotel Tax	35.0%	50.6%
Fines	2.5%	25.1%
Real Estate Transfer Tax	15.0%	(+) 3.1%
Home Rule Sales Tax	40.0%	23.1%
Sales Tax and Local Use Tax	30.0%	8.3%
Service Charges	0.0%	0.0%
Utility Taxes	7.0%	8.2%

Revenue Projection Updates

- Changes from prior financial model based upon prior period performance. These indicate the projected revenue impact for remainder of year.*

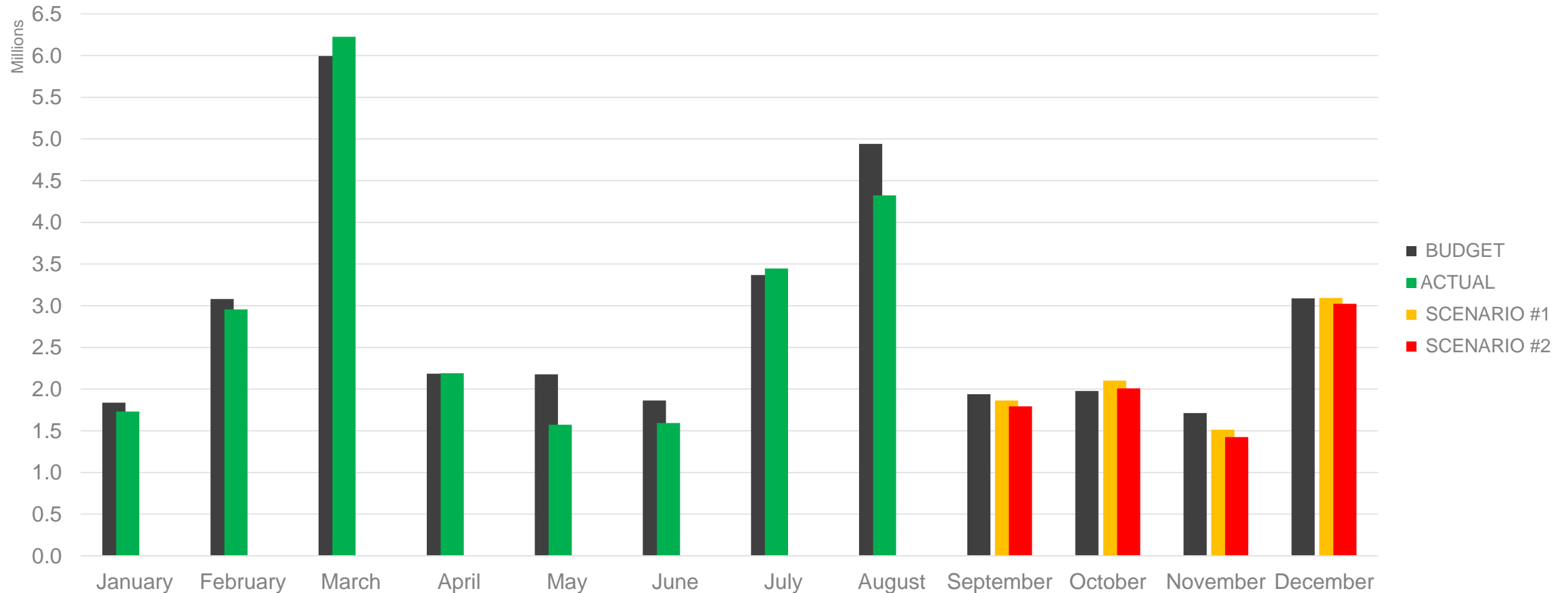
	Adjustment
Grants/Contributions	
Income Tax	
Licenses	
Other (Hotel Tax, PPRT, Fuel)	
Permits	
Property Tax	
Real Estate Transfer Tax	
Sales Tax	
Service Charges	
Utility Tax	

Revenue Outcomes – General Fund



	April Model	May Model	June Model	July Model	Aug Model	Sept Model	Change
Budget	34.17 M	34.17 M	34.17 M	34.17 M	34.17 M	34.17 M	-
Scenario #1	31.76 M	31.60 M	31.26 M	31.42 M	31.98 M	32.62 M	0.63 M
Scenario #2	30.97 M	31.05 M	30.68 M	30.90 M	31.57 M	32.29 M	0.72 M

Revenue Outcomes – General Fund



- YTD revenues are down 5.5% compared to budget
- Year-end projections estimate revenues to be down 4.5% - 5.9%

Expense Assumptions Updates

Expense Performance

- Performed 3.6% below budget in August
- Overall Expenses have been 8.4% below budget through August

	Amount	Over/(Under)
August Actual	\$3.34 M	
August Projection	\$3.46 M	(\$0.12 M)

- A significant part of underspend was associated with capital projects/purchases
 - Included timing for road program and purchases of new vehicles such as police squad cars
 - Expenses for these items were shifted to later periods
 - Expenses are now included in Period 9-12 expense projections

Expense Assumptions Updates

Factor of savings options and incremental expenses

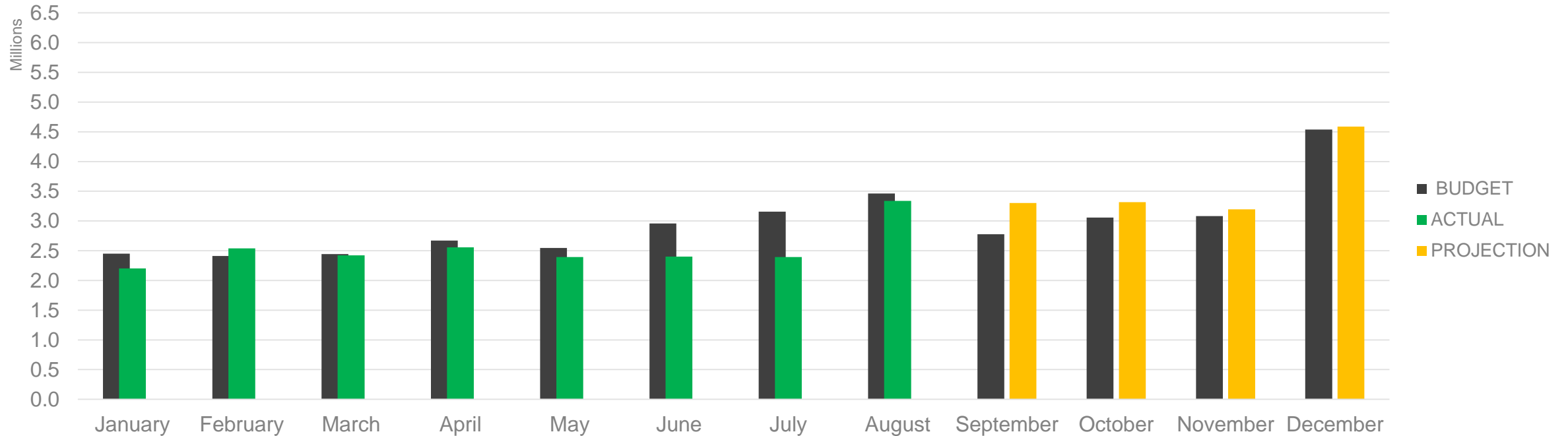
- Savings

- \$245k in personnel expenditures
 - Projected annual savings for regular and overtime wages
 - Originally included benefit savings but was removed due to Section 105 transfer in August
- \$184k in operating expenditures
 - Includes street lighting, winter operations, automotive expenses, training, and other purchases
- \$150k in engineering program savings due to bid pricing
 - Maintain engineering maintenance programs (sidewalks, curbs, pavement rejuvenation, traffic calming)
- \$242k in CERF deferrals, sidewalk snowplow and Council A/V equipment
- \$200k deferral of Comprehensive Plan
- \$125k for hotel tax rebate based upon reduced hotel tax receipts
- \$285k for contingency expenses; NSEBC special assessment, grant, and debt service transfer

- Additional Costs

- \$531k for economic grant programs – *\$276k spent to date*

Expense Outcomes – General Fund



Year End Estimate	April Model	May Model	June Model	July Model	August Model	September Model
<i>Budget</i>	<i>35.54 M</i>	<i>35.54 M</i>	<i>35.54 M</i>	<i>35.54 M</i>	<i>35.54 M</i>	<i>35.54 M</i>
Projection	35.35 M	35.18 M	35.13 M	34.75 M	34.70 M	34.65 M

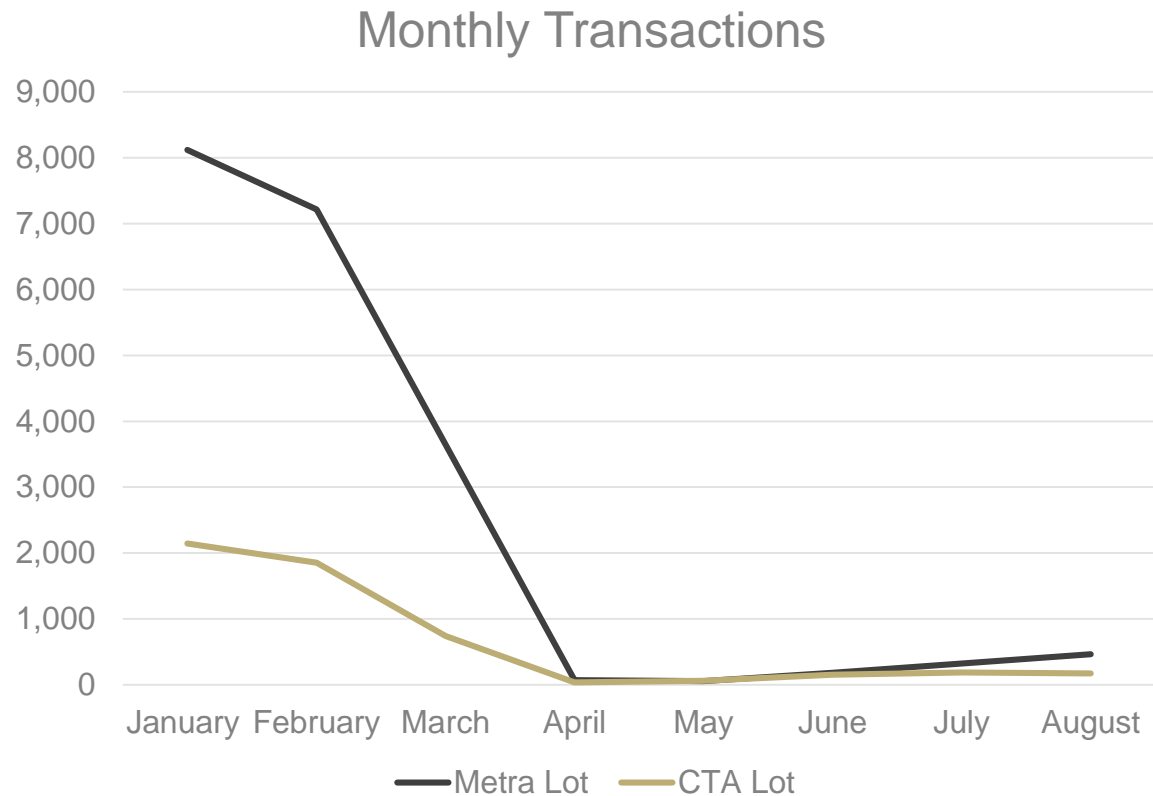
Reserve Projections – General Fund

	Budget	Scenario #1	Scenario #2
2020 Beginning Reserve (%)	42.2%		
2020 Beginning Reserve	\$15.01	\$15.01	\$15.01
Revenues	\$34.17	\$32.62	\$32.29
Expenses	(\$35.54)	(\$34.65)	(\$34.65)
Projected Ending Reserve	\$13.64	\$12.98	\$12.65
% of Operating Expense	38.4%	36.5%	35.6%

**In Millions*

Worst-case scenario projection indicates a downside risk of \$440k equaling a 1.3% impact on the reserve level

Parking Meter Fund



- Significant declines in ridership have impacted revenues in parking fund
- Other fund support will likely be required to balance Parking Meter Fund

Sewer Fund

	Budget	Projection
2020 Beginning Reserve (%)	33.2%	
2020 Beginning Reserve	\$2.05	\$2.05
Revenues	\$6.57	\$6.34
Expenses	(\$6.18)	(\$6.11)
Projected Ending Reserve	\$2.44	\$2.28
% of Operating Expense	39.5%	36.9%

**In Millions*

- Operational expenses aligning with budget estimates
- Revenues trending down due to stormwater utility fee including updates to properties and implementation of detention and 501(c)3/Institutional credits
- Projected increase in reserve levels

Water Fund

	Budget	Projection
2020 Beginning Reserve (%)	37.1%	
2020 Beginning Reserve	\$3.33	\$3.33
Revenues	\$9.55	\$9.49
Expenses	(\$8.98)	(\$8.72)
Projected Ending Reserve	\$3.90	\$4.10
% of Operating Expense	43.4%	45.7%

**In Millions*

- Expense savings due to holding open position; all other expenses aligning with budget
- North Main came online in June
- Expected water consumption increase not fully factored into revenues based upon bill timing
- Projected increase in reserve levels