



Memo

To: Mayor and Board of Aldermen, Lawrence Perney, City Administrator
Audit & Finance Committee and Senior Staff

From: Donald Yucuis, Director of Finance

Date: June 22, 2020

Re: 2020 Financial Report – Five Months through May 31, 2020

On May 18, 2020, the Board of Aldermen reviewed and agreed to a recommended COVID-19 Budget Reduction report as presented by City Administrator, Larry Perney. The board selected Scenario #2, which detailed a low to mid-range revenue reduction for General, Tax Increment Financing, Capital Improvement, and Parks and Stormwater Funds. These four funds were reduced due to their significant amount of sales tax revenue, and the expectation that sales tax revenue collected during the COVID-19 timeframe in March, April, and May would be lower than originally expected. The City does not receive COVID-19 period sales tax revenue or the definitive reports until May, June, and July. The sales tax revenue and definitive reports have a two month delay from origination to delivery. All other funds remained unchanged.

I am providing a summary financial report for the period ending May 31, 2020 by Fund. This is an off cycle report from the usual three or six month report due to the budget cuts recommended and the need to convey the effect on revenues and expenses.

This attached report on pages 5 and 6 report on the first five months of 2020 and include revenue, expense, and fund balance activity by Fund. This report also includes the following columns:

Column E – Adopted Budget

Column F - Budget Reduction by Dollars

Column G - Budget Reduction by Percentage

Column H – 2020 Recommended Target with Cuts

Column I - FY 2020 Year to Date (YTD) Activity thru May 31, 2020

Column J – Percent YTD Activity to Recommended Target with Cuts

The next report for the six month ending June 30, 2020 will be prepared in early July 2020 and will include similar data plus comparisons to the same six months in 2019.

The revenue/expenditure percent received or spent at five months is 41.67%.

General Fund (10) Overall, the 2020 cuts reduced revenue estimates by \$1,176,210 and expenses by \$751,548. The expectation is that fund balance will cover any deficit.

Revenue:

- Within tax revenue, Sales Tax comprises the major portion of the \$641,300 reduction. Sales tax was reduced by 10% of the original budget of \$5,812,000 or \$581,200.
- Intergovernmental was reduced by \$110,000 consisting of reduced estimates for gas tax, vehicle sales tax, vehicle license fee, and road & bridge taxes.
- Licenses, Permits, and Inspections were reduced by \$52,925 consisting of reduced estimates for licenses and planning inspections and permits.
- Municipal Court was reduced by \$28,250 due to the court being closed during the COVID-19 period.
- Aquatics revenue was reduced due to the pool not opening this summer.
- Parks programs were reduced due to the programs being cut.

Expenses: Nonessential expenses were reduced, a hiring freeze is in place and currently affects the Police Department with two vacant positions, Aquatic Center will not open this summer, and Park programs have been cut.

GENERAL FUND –

Overall, FY 2020 five month:

- Revenue/transfer-in totaled \$4,459,356 or 46.4% of the 2020 recommended budget target with cuts.
- Expenses/transfer-out totaled \$4,554,206 or 45.7% of the 2020 recommended budget target with cuts.
- Fund balance currently totals \$3.4 million.

Revenues: Overall revenue reductions totaled \$1,176,210 and based upon the year to date revenue being 46.4% of recommended target with cuts, the City is in satisfactory shape financially, but future months will be monitored for any fluctuations and reported in a timely manner.

- Taxes includes Sales Tax, Property Tax and Gross Receipts:
 - Sales tax is comprised of the 1 ¼ cent general sales tax and the City's share of the Prop P Sales Tax. Revenue totals \$2,173,363 or 47.5% of the recommended budget target with cuts.
May 2020 Sales Tax (sales in March 2019) was projected to be 15% less than May 2019 but actual sales tax was 4.44% less than 2019.
 - Property tax revenue totals \$96,544 or 59.4% of the recommended budget target with cuts.
 - Gross Receipts revenue totaled \$633,141 or 39.3% of the recommended budget target with cuts.
- Intergovernmental revenue totaled \$553,958 or 47.2% of recommended budget target with cuts.
- Licenses and permits totaled \$375,413 or 78.4% of recommended budget target with cuts.
- Municipal Court revenue totaled \$77,824 or 30.4% recommended budget target with cuts -court is planning to open in late June or early July.
- Aquatic Center – pool is closed, and no revenue is expected (original budget-\$270,000).
- Parks Services revenue totaled \$65,594 or 74.5% recommended budget target with cuts.

Expenses: overall expense reductions totaled \$751,548. All Departments expenses were reduced:

- Aquatics was reduced by \$316,801 as the pool is closed.
- Police Department is reduced by \$222,920 mainly due to a hiring freeze with two vacancies.
- All other departments made up the balance of the reductions of \$211,827.

Debt Service Fund (20) accounts for the Debt Service on the 2018 General Obligation (GO) Bond issue that funded Prop S concrete streets. **No budget reductions were needed in this fund.** A property tax is levied to pay the principal and interest payments on the bonds as they come due. Both 2020 revenue and expenses are in line with the budget.

- Revenues total \$493,465 or 42.8% of budget and expenses are \$768,181 or 85.1% of budget. Both are in line where they should be in May. The May 31, 2020 fund balance is \$765,967.

Tax Increment Financing (TIF) Fund (30)

Overall, FY 2020 five month

- Revenue/transfer-in totaled \$4,004,757 or 63.3% of the 2020 recommended budget target with cuts. Revenue projections were reduced by \$517,000 and all in sales tax.
- Revenue is comprised of four major categories:
 - Sales Tax – YTD revenue totaled \$1,797,599 or 51.8% of the budget target with cuts.
 - Property Tax – YTD revenue totaled \$1,365,977 or 109.3% of budget target with cuts.
 - TDD – YTD revenue totaled \$508,736 or 40.7% of budget target with cuts.
 - Transfer in Municipal Revenues – YTD revenue totaled \$328,287 or 91.2% of budget target with cuts.
- Expenses/transfer-out totaled \$3,056,124 or 45.1% of 2020 recommended budget target with cuts. The major expense is for Principal and Interest redemption on the 2019 bonds. Principal of \$2,410,000 and interest of \$397,537 were paid in May 2020.
- Fund balance currently totals \$3.6 million.

Special Accounts Fund (40) is mainly for Federal Asset Forfeiture tracking and has had no YTD activity.

Capital Projects Fund (50)

Overall, FY 2020 five month

- Revenue/transfer-in totaled \$722,890 or 33.7% of the 2020 recommended budget target with cuts. Revenue projections were reduced by \$160,000 and all in sales tax.
- Revenue is comprised of three categories:
 - Sales Tax – YTD revenue totaled \$663,304 or 46.1% of the budget target with cuts.
 - Grants/reimbursement – YTD revenue totaled zero and the \$705,000 will be for Federal/State project reimbursements.
 - Insurance proceeds of \$59,586 for two totaled police vehicles.
- Expenses/transfer-out totaled \$271,534 or 13.1% of 2020 recommended budget target with cuts. The COVID-19 resulted in a decision to move several projects to 2021. Expenses were reduced by \$727,027 with the major decrease being the deferral to 2021 of the Dougherty Ferry street reconstruction projects (\$555,000).
- Fund balance currently totals \$1.25 million.

Parks and Storm Water Fund (60)

Overall, FY 2020 five month

- Revenue/transfer-in totaled \$771,215 or 33.2% of the 2020 recommended budget target with cuts. Revenue projections were reduced by \$180,000 and all in sales tax. Revenue is comprised of two major categories:
 - Sales Tax – YTD revenue totaled \$771,215 or 47.6% of the budget target with cuts.
 - Grants/reimbursement – YTD revenue totaled zero and the \$700,000 projected amount is from an MSD reimbursement related to the Chadwick Brookvale Relief Sewer Project.
- Expenses/transfer-out totaled \$1,257,886 or 49.8% of 2020 recommended budget target with cuts. The COVID-19 resulted in a decision to move several projects to 2021. Expenses were reduced by \$1,000,868. Decreases included:
 - Aquatics Center projects totaling \$140,141 due to the pool being closed.
 - Parks projects reduced \$110,727.
 - Public Works Storm water projects reduced by \$750,000, specifically \$377,500 for Channel B and \$372,500 for Channel D restoration.
- Fund balance currently totals \$2.42 million.

Sanitary Sewer Repair Fund (70)

Overall, FY 2020 five month

- Revenue totaled \$63,780 or 30.2% of the 2020 recommended budget target with cuts. No revenue reductions were recommended.
- Expenses totaled \$95,173 or 33.6% of 2020 recommended budget target with cuts. No expense reductions were recommended.
- Fund balance currently totals \$96,563.

Prop S Capital Fund

Overall, FY 2020 five month

- Revenue totaled \$69,235 or 1% of the 2020 recommended budget target with cuts and is all from investment income. No revenue reductions were recommended. The revenue budget target with cuts includes a \$7,000,000 bond issue which occurred in June 2020. The bond proceeds will help continue the concrete street program over the next three years.
- Expenses totaled \$571,478 or 15.9% of 2020 recommended budget target with cuts. No expense reductions were recommended.
- Fund balance currently totals \$3,512,030.

	A	B	C	D	E	F	G	H	I	J
19	City of Manchester - All Funds- Revenue and Expense Report- Five Months Ending May 31, 2020 including a Column for Recommended Target with Cuts				2020 Adopted Budget	Budget Reduction Dollars	Budget Reduction Percentage	2020 Recommended Target with Cuts	FY 2020 YTD Activity thru May 31, 2020	2020 % YTD Activity to Recommended Target with Cuts
20										
21	Fund: 10 - GENERAL FUND									
22	Revenue									
23		510 - Taxes		7,643,600	(641,300)	-8.4%	7,002,300	3,215,647	45.9%	
24		520 - Inter-governmental		1,285,000	(110,200)	-8.6%	1,174,800	553,958	47.2%	
25		530 - Licenses & Permits		531,800	(52,925)	-10.0%	478,875	375,413	78.4%	
26		540 - Municipal Court		284,500	(28,250)	-9.9%	256,250	77,824	30.4%	
27		550 - Investments		36,000	(3,600)	-10.0%	32,400	14,582	45.0%	
28		560 - Aquatic Center		270,000	(270,000)	-100.0%	-	(31)	0.0%	
29		561 - Park Services		137,290	(49,235)	-35.9%	88,055	65,594	74.5%	
30		562 - Manchester Arts		5,800	(5,800)	-100.0%	-	-	0.0%	
31		565 - Homecoming		37,250	(14,900)	-40.0%	22,350	300	1.3%	
32		570 - Miscellaneous		53,200	-	0.0%	53,200	31,069	58.4%	
33		Subtotal Revenue before transfers in		10,284,440	(1,176,210)	-11.4%	9,108,230	4,334,356	47.6%	
34		600 - Operating Transfers in		500,000	-	0.0%	500,000	125,000	25.0%	
35		Total Revenue		10,784,440	(1,176,210)	-10.9%	9,608,230	4,459,356	46.4%	
36										
37	Expense									
38		410 - Mayor & Board		71,125	(17,400)	-24.5%	53,725	20,832	38.8%	
39		420 - Administration		682,905	(21,415)	-3.1%	661,490	317,219	48.0%	
40		425 - MIS		325,270	(14,800)	-4.6%	310,470	158,561	51.1%	
41		430 - Finance		719,725	(12,200)	-1.7%	707,525	286,355	40.5%	
42		440 - Police		3,985,377	(222,920)	-5.6%	3,762,457	1,652,709	43.9%	
43		450 - Aquatic Center		358,405	(316,801)	-88.4%	41,604	11,539	27.7%	
44		460 - Park		949,740	(88,999)	-9.4%	860,741	384,843	44.7%	
45		465 - Homecoming		38,465	-	0.0%	38,465	3,250	8.4%	
46		470 - Public Works		2,581,835	(25,661)	-1.0%	2,556,174	1,122,947	43.9%	
47		475 - Planning & Zoning		341,985	(13,780)	-4.0%	328,205	145,898	44.5%	
48		480 - Legal		270,855	(6,150)	-2.3%	264,705	116,484	44.0%	
49		485 - Manchester Arts		22,980	(11,422)	-49.7%	11,558	5,283	45.7%	
50		Subtotal Expenses before transfers out		10,348,667	(751,548)	-7.3%	9,597,119	4,225,919	44.0%	
51		600 - Operating Transfers out		360,000	-	0.0%	360,000	328,287	91.2%	
52		Total Expenses		10,708,667	(751,548)	-7.0%	9,957,119	4,554,206	45.7%	
53										
54	Fund: 10 - GENERAL FUND Surplus (Deficit):				75,773			(348,889)	(94,850)	
55										
56		Beginning Fund Balance January 1		3,466,350			3,466,351	3,466,351		
57		Ending Fund Balance		3,542,123			3,117,462	3,371,501		
58		Fund Balance as a % of Expenses-->		33.1%						
59										
60	Fund: 20 - DEBT SERVICE FUND									
61		Revenue		1,154,000	-	0.0%	1,154,000	493,645	42.8%	
62		Expense		902,962	-	0.0%	902,962	768,181	85.1%	
63										
64	Fund: 20 - DEBT SERVICE FUND Surplus (Deficit):				251,038			251,038	(274,536)	
65										
66		Beginning Fund Balance January 1		1,040,503			1,040,504	1,040,504		
67		Ending Fund Balance December 31		1,291,541			1,291,542	765,968		
68										

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20										
69	Fund: 30 - TAX INCREMENT FINANCING FUND									
70										
71				Revenue	6,845,000	(517,000)	-7.6%	6,328,000	4,004,757	63.3%
72				Expense	6,779,660	-	0.0%	6,779,660	3,056,124	45.1%
73										
74	Fund: 30 - TAX INCREMENT FINANCING FUND Surplus (Deficit):				65,340			(451,660)	948,633	
75										
76				Beginning Fund Balance January 1	2,694,996			2,694,997	2,694,997	
77				Ending Fund Balance December 31	2,760,336			2,243,337	3,643,630	
78										
79	Fund: 40 - SPECIAL ACCOUNTS									
80				Revenue	-				-	0.0%
81				Expense	-				-	0.0%
82										
83	Fund: 40 - SPECIAL ACCOUNTS Surplus (Deficit):				-				-	
84										
85				Beginning Fund Balance January 1	27,713			27,713	27,713	
86				Ending Fund Balance December 31	27,713			27,713	27,713	
87										
88	Fund: 50 - CAPITAL IMPROVEMENT FUND									
89				Revenue	2,305,000	(160,000)	-6.9%	2,145,000	722,890	33.7%
90				Expense	2,797,292	(722,027)	-25.8%	2,075,265	271,534	13.1%
91										
92	Fund: 50 - CAPITAL IMPROVEMENT FUND Surplus (Deficit):				(492,292)			69,735	451,356	
93										
94				Beginning Fund Balance January 1	797,757			797,758	797,758	
95				Ending Fund Balance December 31	305,465			867,493	1,249,114	
96										
97	Fund: 60 - PARKS & STORM WATER PROJECTS FUND									
98				Revenue	2,500,000	(180,000)	-7.2%	2,320,000	771,215	33.2%
99				Expense	3,521,845	(998,368)	-28.3%	2,523,477	1,257,886	49.8%
100										
101	Fund: 60 - PARKS & STORM WATER FUND Surplus (Deficit):				(1,021,845)			(203,477)	(486,671)	
102										
103				Beginning Fund Balance January 1	2,905,888			2,905,889	2,905,888	
104				Ending Fund Balance December 31	1,884,043			2,702,412	2,419,218	
105										
106	Fund: 70 - SANITARY SEWER REPAIR FUND									
107				Revenue	211,000	-	0.0%	211,000	63,780	30.2%
108				Expense	283,495			283,495	95,173	33.6%
109										
110	Fund: 70 - SANITARY SEWER REPAIR FUND Surplus (Deficit):				(72,495)			(72,495)	(31,393)	
111										
112				Beginning Fund Balance January 1	127,958			127,959	127,958	
113				Ending Fund Balance December 31	55,463			55,464	96,565	
114										
115	Fund: 80 - PROP S-CAPITAL IMPROVEMENTS									
116										
117				Revenue	7,075,000	-	0.0%	7,075,000	69,235	1.0%
118				Expense	3,600,000			3,600,000	571,478	15.9%
119										
120	Fund: 80 - PROP S-CAPITAL IMPROVEMENTS Surplus (Deficit):				3,475,000			3,475,000	(502,243)	
121										
122				Beginning Fund Balance January 1	4,014,273			4,014,274	4,014,273	
123				Ending Fund Balance December 31	7,489,273			7,489,274	3,512,030	
124										