



CITY COUNCIL WORK SESSION

MEETING DATE: August 31, 2020
AGENDA ITEM: 2021 Revenue Projections
FROM: Aimee Tihonovich, Finance Director

Predicting revenues is a crucial part of the budget process. Revenues should be determined initially before forward progress is made determining spending plans. Revenues should be budgeted conservatively so that there is less danger of overcommitting limited resources.

There is much uncertainty right now but so far, Salida is weathering the COVID-19 storm fairly well with revenue streams only expected to decline 4.4% as compared to budget this year (we feel this is a conservative estimate).

An August 13 article in the Denver post reporting on Colorado retail sales data stated that for every city or town in the state that had a decline in retail sales, another two showed gains. If interested, the article can be found here: [Denver Post article on retail sales during Pandemic](#). A recent CML survey confirmed varying results among municipalities in Colorado (that survey follows).

The below shows what is in the proposed budget for Salida's Governmental Funds (all funds with the exception of Utilities). One time revenues (i.e. grants) skew the analysis and were removed from this:

All Government Fund Types							
					% Change from:		
	2020 Adopted Budget	2020 Projected	2021 Proposed Budget		2020 Adopted to 2020 projected	2020 Projected to 2021 Proposed	2020 Budget to 2021 Budget
<u>Revenues</u>							
Tax Revenue	\$ 7,579,900	\$ 7,545,106	\$ 7,627,900		-0.5%	1.1%	0.6%
Fees for General Services	276,200	189,004	243,750		-31.6%	29.0%	-11.7%
Fines & Forfeitures	75,000	37,218	64,000		-50.4%	72.0%	-14.7%
Licenses and Permits	28,000	69,736	28,000		149.1%	-59.8%	0.0%
Intergovernmental Revenue (excluding 1X grants)	2,869,500	2,864,863	2,979,500		-0.2%	4.0%	3.8%
Fees for Recreation & Event Services	950,500	475,250	536,750		-50.0%	12.9%	-43.5%
Miscellaneous Revenue	264,400	333,185	200,000		26.0%	-40.0%	-24.4%
Total	\$ 12,043,500	\$ 11,514,362	\$ 11,679,900		-4.4%	1.4%	-3.0%

DISCUSSION TOPIC:

Is council comfortable in projecting sales tax revenue relatively flat with the 2020 budget and with an overall decrease in revenues from the 2020 budget at 3%?