



Director of Finance Report

October 12, 2020

Honorable Mayor and
Members of the City Council
City of Warrensburg, Missouri

Dear Mayor and Council Members:

The Director of Finance respectfully submits this report to augment your review of the financial information provided. It includes an update of processes Finance is working to complete and outlines the data included in the attached documents.

Business Licenses, Billing:

Business licenses expired September 1, 2020 and are now considered delinquent as of October 1, 2020 that requires payment of double the original application fee. Renewals for the remaining 250 business licenses were mailed out the last week of September. Renewals have been slow to come in with over 200 expired to be renewed. Over 80 are local business establishments. One liquor license has not been renewed and the alcohol compliance officer has reached out to them to let them know they are not to sell alcohol.

Delinquent Utility Bills:

The Utility disconnect process has made a cycle through all zones that removed most of the outstanding accounts that residents have moved but not disconnected service. This process has left the city with many outstanding closed accounts to forward to the collection agency. These types of accounts do not provide any type of forwarding address. The collections process is time consuming to sort through reports to determine what accounts meet the criteria to send to collections. No accounts were sent to collections during the Covid slow down. With the upgrade to INCODE 10 report options have changed and staff is researching to find an applicable report that provides the account information needed to generate a collections list.

E-billing has been made active with minimal response. Staff has put information on our web page, Facebook, and notice on the bill print. Staff continues working with INCODE support to resolve the undeliverable e-mail notice for e-billing accounts.

Budget Fiscal Year 2021:

Staff is continuing final steps to publish the Fiscal Year 2021 Budget document. Sewer rates were adopted effective October 1, 2020. The Community Investment Plan is presented for adoption. These two items will be added to the final published budget document.

Amendments for Fiscal Year 2021 Budget will be presented as final expenditures are posted and purchase orders are reconciled to items that began prior to September 30, 2020.

The sales tax revenue receipts for October reflect an increase compared to last year receipts continuing the upward trend. This starts the fiscal year off to a good start for Warrensburg. Surrounding communities are still seeing decreases in sales tax revenue. I remain cautiously optimistic that the upward trend will continue.

Fiscal Year 2020 Revenue Recap

Chart for Sales Tax Comparison to Budget

Council continues to receive revenue reports that include a chart comparing sales tax collections to budget in a column line chart for each of the sales tax collections for the Fiscal Year. Information was included back in April 2020 as to how the new chart is created. Each Sales Tax collected is reported showing the following:

“Ten Year Comparison Table” – this table is located at the top of each of the monthly sales tax reports provided. It is the actual collections by month and compares last year collections to this year, defines the amount difference and percentage difference in the last two columns.

“Actual to Budget Column Line Chart” – this is the chart that reflects the actual collections to budget amounts and the monthly difference and cumulative difference amounts. The line in the chart shows the cumulative percentage change for each month. In this example the percentages fluctuate up and down with each month’s collections compared to budget. The difference and cumulative difference columns show the monthly and cumulative changes as positive and negative amounts.

“Column Chart of Actual Collections for the past 10 years” – this chart shows the actual collections each month for the past ten years. The slight variations in the collections are reflected in the size of the color blocks for each month. Overall, the chart shows sales taxes on a basic increase since 2012. The comparison of 2019 to 2020 show overall 2020 collections greater than 2019 through September.

The sales tax revenue received in September is for actual sales from July and earlier. There are several businesses that pay sales taxes at different periods throughout the year. Some pay monthly, quarterly, semi-annually, or even annually. This variation of when business pays explains some of the differences in the monthly amounts of sales tax collected compared to prior years.

The collection of sales taxes for the fiscal year through September 2020 is greater than that collected through September 2019 by over five percent (5.64%). September receipts were more than 2019 receipts by nearly twelve percent. (11.94%) Use tax continues to reflect a significant increase in collections compared to September 2019. Year to date use taxes remain over sixteen percent (16.39%) greater than year to date 2019. Sale Tax collections compared to 2020 Budget reflect over five percent (5.28%) over budget collected for the year.

Revenue Comparisons:

September 2020 revenue comparisons are attached for your review. Included is the monthly comparison to September 2019, a year to date comparison for Fiscal Year 2020 compared to year to date Fiscal Year 2019, and a year to date Fiscal Year 2020 compared to Fiscal Year 2020 Budget. The year to date comparison to budget is a recap of revenue provided in the Detail vs. Budget Report from the financial system. Overall revenue for the year currently reflects more than budget by 0.38%. There will be audit adjustments to revenue as a part of the year-end process to generate the final audit report.

Combined Franchise taxes continue to reflect a decrease across the board for September 2020 compared to September 2019. September telephone franchise reflects the largest decrease compared to September 2019 at 18.52%. Fiscal year to date combined numbers reflect a decrease of 1.85% compared to Fiscal year to date 2019. Fiscal year to date compared to budget continues to reflect total revenue collection below budget projections by over seven percent (7.54%).

Motor vehicle fuel tax continues to reflect a decrease compared to 2019 receipts. Total motor vehicle taxes and fees reflect a decrease compared to 2019 receipts and well as not meeting 2020 budget projections. Property tax receipts are slightly greater than 2019 receipts and are not meeting 2020 budget projections. Lodging tax collections for the year are greater than 2019 and not meeting budget projections.

Budget Fiscal Year 2020:

Staff took necessary steps to cut expenditures where possible with the anticipation of drop in revenue during Fiscal Year 2020. Furloughs continued through the end of September. It appears overall revenue came in as projected for Fiscal Year 2020 that provides an opportunity to build fund balance should revenue start to decline in 2021. The Fiscal Year 2020 Budget was adopted with anticipation of reducing fund balance. The detail compared to budget report is included with this report to provide preliminary totals. Adjusting entries will be made as audit is completed to present the annual audit report.

Audit Fiscal Year 2020:

Staff is completing steps for year-end audit. Preliminary field work began on October 5th with audit staff on site. Complete field work and development of the annual audit report is scheduled for the week of November 30th. It is unclear as to how much time audit staff will be here in person. The goal is for only one week. Most paperwork can be provided electronically.

Attachments:

- Sales Tax Comparisons
- Revenue Comparisons
- Detail Vs. Budget Report