



# City of Ashland Second Quarter Financial Report

CITY COUNCIL STUDY SESSION

APRIL 6, 2020

# 2nd Quarter Financial Report

## BN 19/21

- The Street Fund balance compared to last year is as expected as the planned cash funding of projects has decreased the fund balance.
- The Capital Improvement Fund balance decrease is on track with the expectation that a financial analysis of the fund will occur this biennium.
- The Telecommunications Fund balance has increased due to higher sales from increased customer counts.
- The Electric Fund balance decrease is as expected as planned for capital projects were completed.
- The Insurance Fund balance remains a concern and will be closely monitored and rectified by the end of the fiscal year.
- The Health Benefits Reserve Fund balance is on track and expected to continue to increase with the change in coverage that went into effective January 1, 2020.

# 2nd Quarter Financial Report

## BN 19/21 Revenue Summary

- Food and Beverage and Transient Occupancy Taxes trended higher than the previous year for the second quarter. Food and Beverage and Transient Occupancy Tax revenue will decrease due to the COVID-19 crisis and will be evaluated and closely monitored and operational needs will be assessed as the funding sources diminish.
- Charges for services such as Electricity, Water, and Wastewater are trending slightly higher than last year at the same time period but lower than projected revenue. This is due to a mild summer and fall.
- Property tax revenue is trending on target as the majority of the revenue was received in November.



# Concerns for the remainder of BN 19/21

- As of the close of the month of February, Food and Beverage and Transient Occupancy Taxes were trending at 105% and 110% of the previous year respectively. The returns for the activity of January through March is due June 1 and we expect the impact of the virus to show then. We also anticipate significant shortfalls in both for the activities of April through June.
- The City has a contract with PFM Financial Advisory Services to evaluate the City's financing programs, review its performance related to issuance and refunding of bonds and other financial consulting services.
  - Immediate items of focus are the Ashland Parks and Recreation Commission Pool financing, Capital Improvement bond financing, Street financing, the City's cash flow needs, and reassessing the Reserve fund.
- Police and Fire Overtime expense continues to be a concern.
- Transient Occupancy Tax revenue and Food & Beverage revenue will continued to be monitored closely as well as operational budgets.



## AFR

- A transfer of \$250,000 was approved during the BN 19/21 budget process from the Water Fund to the General Fund. This was included to provide funding for the Ashland Forest Resiliency (AFR) program. The Water fund had provided this source of revenue in the past as the efforts of this program help to protect our watershed. During the process, the AFR fee on the utility bill was increased by approximately \$200,000/year therefore reducing the contribution amount needed from the Water Fund to \$50,000/year. This did not change the AFR budgeted expenditures rather it changed the source of revenue for the division.



## Insurance Fund

- The Ending Fund Balance in the Central Service Fund, and contingency if necessary, will be used to rectify the shortfall in the Insurance Fund prior to year end. Each fund has paid into the Central Service fund for the services provided therefore we will use this contribution to reduce the shortfall in the Insurance Fund rather than charging departments an increased Insurance Fee which most cannot absorb within their current budget. The fund balance will be closely monitored near year end and the adjustment will be made with the funds available.



# COVID-19 Impacts

- The City is currently assessing the impact on revenue and operations in light of the COVID-19 crisis. Revenue streams will decrease and a review is in process including, but not limited to, Utility revenue, Food and Beverage Tax revenue, and Transient Occupancy Tax revenue. We may also see a reduction in the county's collection of Property Tax revenue.