



MEMORANDUM

TO: Mayor Jones and Members of the Board

FROM: Karen Proctor, Town Administrator

DATE: April 16, 2020

RE: 2020 Preliminary Financial Forecast

DISCUSSION:

As this pandemic continues, staff is working to assess the Town of Foxfield's financial condition and formulating a plan on how to respond to the financial impacts we may experience. Forecasts at this time are somewhat of a best guess as we are just starting to receive revenue from March when this all began. DOLA Local Government has put out a COVID-19 Fiscal Impacts Survey that was due Friday April 10th. The results of the survey should provide some more guidance on preparing financial forecasts in response to the pandemic.

At this time, staff focused mainly on the Town's two (2) largest sources of revenue, sales tax and property tax (89% of total revenue). Attached (Exhibit A) is a Summary 2020 Preliminary General Fund Forecast for your review. Staff compared five (5) different possible scenarios:

Scenario A = 25% reduction in sales tax April-December (leaving all other taxes and fees as budgeted) and a reduction of 25% in all other revenue. Expenses remain as budgeted, with the exception of Capital

Scenario B = 50% reduction in sales tax April-December (leaving all other taxes and fees as budgeted) and a reduction of 50% in all other revenue. Expenses remain as budgeted, with the exception of Capital

Scenario C = 75% reduction in sales tax April-December (leaving all other taxes and fees as budgeted) and a reduction of 75% in all other revenue. Expenses remain as budgeted, with the exception of Capital

Scenario D = 75% reduction in sales tax April-June and 50% reduction in sales tax July-December, leaving all other revenue as budgeted. Expenses remain as budgeted, with the exception of Capital

Scenario E = 50% reduction in sales tax April-June, 25% reduction in sales tax July-December, leaving all other revenue as budgeted. Expenses remain as budgeted, with the exception of Capital

Other Cities and Towns have stated that they are forecasting anywhere from a twenty percent (20%) to fifty percent (50%) decrease in sales tax revenue.

Staff also contacted Arapahoe County and asked if they had any sense about what might occur with property tax payments. They stated that at this point that they do not have any forecast of expected payments. They went on to say that the only change that has been made to the due dates is that the Governor extended the 1st half due date to April 30 and that a taxpayer can make a first half payment without being charged interest if they mail their payment. This does not apply to mortgage companies, title companies or payments made through their website. Arapahoe County is processing daily the payments received in the mail. They are also trying to make it easier for taxpayers to make their payments by allowing credit card and e-check payments through their website. In addition, they converted a ballot box to a payment drop box. They are promptly processing all payments received so the taxing districts will continue to be paid.

ANALYSIS:

The 2020 budget anticipated a 2019 General Fund ending balance of \$901,980, but the actual ending balance was \$929,820. Therefore, the General Fund began 2020 in a better position than anticipated. In addition, the Town of Foxfield has already received \$137,029 of sales tax revenue for January through March 2020. This is 43% of budget with only 25% of the year completed. Current property tax revenue the Town has received is in line with receipts of previous years and the budget.

In each scenario, staff is recommending postponing of the gate project and has reduced expenditures by \$150,000. In addition, staff has decreased the 2020 road maintenance expense by \$35,000 based on anticipated savings.

The ending General Fund balance, in each scenario, is projected to be higher than was budgeted.

ATTACHMENT:

Exhibit A – Summary 2020 Preliminary General Fund Forecast

TOWN OF FOXFIELD						
SUMMARY 2020 PRELIMINARY GENERAL FUND FORECAST						
GENERAL FUND	2020	25%	50%	75%	75/50	50/25
	Adopted	Scenario A	Scenario B	Scenario C	Scenario D	Scenario E
	Budget					
REVENUE						
Taxes	483,403	484,982	425,132	365,282	406,232	466,082
Licenses & Permits	29,135	21,851	14,568	7,284	29,135	29,135
Intergovernmental Revenue	51,341	38,506	25,671	12,835	51,341	51,341
Charges For Services	11,000	8,250	5,500	2,750	11,000	11,000
Miscellaneous Revenue	10,139	7,604	5,070	2,535	10,139	10,139
TOTAL REVENUE	585,018	561,194	475,940	390,686	507,847	567,697
EXPENSES						
Administration	202,425	202,425	202,425	202,425	202,425	202,425
Elections	725	725	725	725	725	725
Judicial	9,000	9,000	9,000	9,000	9,000	9,000
Public Safety	122,928	122,928	122,928	122,928	122,928	122,928
Public Works	120,275	120,275	120,275	120,275	120,275	120,275
Capital	315,000	130,000	130,000	130,000	130,000	130,000
TOTAL EXPENSES	770,353	585,353	585,353	585,353	585,353	585,353
Beginning Fund Balance*	901,980	929,820	929,820	929,820	929,820	929,820
Net Revenue (Expenses)	(185,335)	(24,159)	(109,413)	(194,667)	(77,506)	(17,656)
TOTAL ENDING FUND BALANCE	716,635	905,661	820,407	735,153	852,314	912,164
*Unaudited 2019 Ending General Fund Balance:	929,820					
Scenario A = 25% reduction in sales tax April-December (leaving all other taxes and fees as budgeted) and reduction of 25% in all other revenue						
Scenario B = 50% reduction in sales tax April-December (leaving all other taxes and fees as budgeted) and reduction of 50% in all other revenue						
Scenario C = 75% reduction in sales tax April-December (leaving all other taxes and fees as budgeted) and reduction of 75% in all other revenue						
Scenario D = 75% reduction in sales tax April-June and 50% reduction in sales tax July-December, leaving all other revenue as budgeted						
Scenario E = 50% reduction in sales tax April-June, 25% reduction in sales tax July-December, leaving all other revenue as budgeted						

Monthly Sales Tax Extrapolation									
2020 Sales Tax Budget:		315,000							
			AVG	Reduction	Reduction	Reduction	Reduction	Reduction	Reduction
	Actual	Projected	Percent	Scenario A	Scenario B	Scenario C	Scenario D	Scenario E	
January	49,435	25,200	0.08	49,435	49,435	49,435	49,435	49,435	49,435
February	49,016	25,200	0.08	49,016	49,016	49,016	49,016	49,016	49,016
March	38,579	25,200	0.08	38,579	38,579	38,579	38,579	38,579	38,579
April		25,200	0.08	18,900	12,600	6,300	6,300	12,600	12,600
May		25,200	0.08	18,900	12,600	6,300	6,300	12,600	12,600
June		25,200	0.08	18,900	12,600	6,300	6,300	12,600	12,600
July		25,200	0.08	18,900	12,600	6,300	12,600	18,900	18,900
August		25,200	0.08	18,900	12,600	6,300	12,600	18,900	18,900
September		25,200	0.08	18,900	12,600	6,300	12,600	18,900	18,900
October		25,200	0.08	18,900	12,600	6,300	12,600	18,900	18,900
November		31,500	0.1	23,625	15,750	7,875	15,750	23,625	23,625
December		31,500	0.1	23,625	15,750	7,875	15,750	23,625	23,625
TOTALS	137,029	239,400	1	316,579	256,729	196,879	237,829	297,679	
Est. 1 Yr Total		376,429							
Diff. To Budget				1,579	(58,271)	(118,121)	(77,171)	(17,321)	
10% Reduction =									
25% Reduction =									
50% Reduction =									
75% Reduction =									
Actual Data =									
"Normal" Month =									
Scenario A = 25% reduction in sales tax April-December									
Scenario B = 50% reduction in sales tax April-December									
Scenario C = 75% reduction in sales tax April-December									
Scenario D = 75% reduction in April-June and 50% reduction in July-December									
Scenario E = 50% reduction in April-June, 25% reduction July-December									