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# SALT LAKE CITY COUNCIL STAFF REPORT

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**DATE:** January 16, 2004  
**SUBJECT:** **REVENUE FORECAST**  
**AFFECTED COUNCIL DISTRICTS:** Citywide  
**STAFF REPORT BY:** Gary Mumford  
**ADMINISTRATIVE DEPT. AND CONTACT PERSON:** Management Services  
Rocky Fluhart  
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## KEY ELEMENTS:

On December 2, 2003, the Council received a briefing on the revenue forecast for the general fund based on actual receipts through October 31, 2003. The Accounting Division has now updated the revenue forecast to include revenue received in November 2003. Based on five months of actual revenue, the Accounting Division is predicting that by the end of the fiscal year actual revenue will be \$277,000 less than the revenue budget. The forecast includes the loss of revenue from the holiday parking program. The transmittal mentions that the amount of December's sales tax collections is not yet available, and that the Administration remains optimistic that actual revenues will be close to budget by the end of the year.

## MATTERS AT ISSUE AND QUESTIONS FOR THE ADMINISTRATION:

Some explanations of revenue variances are as follows:

Property taxes \$421,300 *greater than budget* – Delinquent property tax payments have been greater than originally projected. Most of the City's current property tax revenue is received in December.

Sales and use tax \$421,500 *less than budget* – Sales tax revenue is less than expected. The City won't receive December's sales tax until February. Part of the projected decline is due to federal legislation that prohibited charging sales tax on satellite television.

Franchise tax \$344,100 *less than budget* – The franchise tax on electricity is positive compared to the year-to-date budget, but the tax on telecommunications is negative.

Licenses and permits \$172,900 *less than budget* – Building permit revenue is projected to be less than budget, and business license revenue is projected to be greater than the annual budget.

Intergovernmental revenue *\$187,800 greater than budget* – The positive variance relates to reimbursements for the cost of heating and cooling of the new main library. The Library's budget is sufficient to cover these increased costs according to the Library director.

Charges for services *\$198,200 greater than budget* – Of this amount, \$129,300 is due to a one-time reimbursement from SLOC for public safety services.

Fines and bail forfeitures *\$169,500 greater than budget* – The increase is due to parking ticket revenue being greater than originally estimated. Collection efforts on outstanding fines have been very successful.

Parking meter collections *\$198,200 less than budget* – Approximately \$90,000 of the decrease is due to free-parking in December.

Interest revenue *\$200,000 less than budget* – Interest rates are staying low whereas the projections included a little upward movement.

Miscellaneous revenue *\$40,900 less than budget* – With the change in the take-home car policy, not as many employees take city-owned vehicles home, which has resulted in a decrease in fuel reimbursements from employees.

Interfund reimbursements *\$51,900 greater than budget* – The positive forecast relates to reimbursements for general fund services provided to the Golf Course Fund and to the Fleet Management Fund.

Transfers from other funds *\$72,600 greater than budget* – A one-time transfer has been received from the CDBG operating fund. This transfer relates to prior-year expenditures.

## **OPTIONS:**

Given the flat revenue forecast, the Council may wish to encourage the Administration to propose other reductions to the budget whenever mid-year positions are requested to be added to general fund staffing.

Last year the Council considered making mid-year budget reductions to address a potential revenue shortfall. The dilemma was that by the time the revenue information was available much of the fiscal year was over and it became unrealistic to make cuts. The Council may wish to discuss in advance the approach it will take should the next revenue report show a potential shortfall.

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