

Information Item

Date: April 12, 2021

To: Mayor, Mayor Pro Tempore, and Members of the City Council

From: Ben Rowe, Assistant City Manager
Patrice Y. Toney, Budget and Evaluation Director

Subject: Revenue Update

Strategic Focus Area: Service Excellence

Strategic Objective: Ensure Service Delivery Efficiency and Effectiveness

Strategic Plan Action Item: No

Key Work Item: Yes



As part of the FY 2020-21 budget planning process, staff was directed to provide regular updates on major revenues. Attached is the Revenue Report for April. It includes an update on General Fund revenues and charts showing trends for Sales Taxes, Occupancy Tax Fund, Utilities Franchise Taxes, Fairgrounds Fund, Parking Fund, and the Winston-Salem Transit Authority Fund.

Since last month's update, staff has updated year-end projections for sales tax and utility sales tax. Countywide sales for Forsyth County were projected to decline 10% for the second quarter of FY 2020-21 (October – December). Those distributions increased about 7% countywide. Staff projected a 5% reduction for countywide sales for the third quarter and continue to monitor monthly taxable sales and any impact from the COVID-19 pandemic.

Through the third quarter, utility sales taxes (natural gas, electricity, telecommunications, video programming) are down 5.7%, or approximately \$770,000 compared to last year. The current year-end projection is about \$1.1 million under budget.

Occupancy taxes continue to trend well below last year's numbers, averaging approximately a 49.1% reduction compared to last year's actuals.

The revenue report for April also includes the Winston-Salem Transit Authority Fund Reserves Graph. The WSTA projection includes all CARES Act funding in FY 20 and FY 21. The funds help to cover operating costs and lessen the operating deficit in those years. The largest factor in the outlying years is the loss of State Maintenance Assistance Program (SMAP) funding from the state. The state cut SMAP to close their COVID-related budget gap in FY 21 and there is no indication if it will be restored going forward. The loss of SMAP represents about 50% of the CARES funding received by the City.