



Quarterly Financial Report

City of Florissant, Missouri

Fourth Quarter Ended November 30, 2015

January 4, 2016

OVERVIEW

Total 2015 General fund revenue was down nearly 3% or just under \$700,000 from 2014 due to significant swings in several funding sources. However, due to a conservative budget, General fund revenue was only \$90,000 under budgeted revenue. The utility tax, building permits and municipal court revenue were down significantly. The utility tax experienced slight increases in both electric and water while gas was off just slightly. The major issue with utility tax was a substantial and persistent decrease in telephone tax receipts. Court revenue was down significantly which reflects the aftermath of the civil unrest in the City of Ferguson and the impact that has had on law enforcement and court systems. The Missouri State Legislature also stepped in to place additional restrictions and reporting requirements on municipal court systems statewide. On a more positive note, sales tax receipts continued a trend dating back to 2009 of generally increasing revenue and, for the first time, sales tax receipts exceeded \$8 million.

Sales tax collections in the Capital Improvement and the Park Improvement funds both exceeded expectations. The Capital Improvement Sales Tax, which was approved in 1997, had the best year in its history with receipts of just over \$3.5 million. The previous high was \$3.35 million reached last year. The Park Improvement Sales Tax, which was approved in 1999, also had the best year in its history with receipts of \$3.28 million. The previous high was \$3.1 million reached in 2014.

In summary, both the Capital Improvement and Park Improvement funds comfortably exceeded their overall budget goals while the General fund was just slightly under the 2015 budget goal.

GENERAL FUND

GASOLINE TAX includes the motor vehicle fuel tax and the motor vehicle fee increases.

Gasoline tax receipts finished at \$1,617,398 which is \$67,398 over the budget of \$1,550,000 and \$50,940 more than last year. While this is very encouraging, a review of the history of the gasoline tax reveals that this number is still significantly below past receipts. 2015 revenue is \$112,125 below the amount received in 2011 and \$232,658 below the peak reached in the year 2000. Gasoline tax revenue is tied to both city and state populations and has been impacted significantly due to changes to both over time from the decennial census.

Gasoline Tax:

Year	2010	2011	2012	2013	2014	2015
Actual	1,757,886	1,729,523	1,562,130	1,533,340	1,566,458	1,617,398
Budget	1,600,000	1,750,000	1,625,000	1,550,000	1,525,000	1,550,000
(+)/(-) Prior	105,589	-28,363	-167,393	-28,790	33,118	50,940
(+)/(-) Budget	157,886	-20,477	-62,870	-16,660	41,458	67,398

UTILITY LICENSE TAX revenue finished at \$6,202,723 which is \$197,277 under the budget of \$6,400,000 and down \$145,601 from last year. Compared to 2014, electric increased \$94,320, gas decreased \$35,661 and water increased \$5,873. Telephone utility tax revenue was down \$210,133 from 2014. Telephone utility license tax receipts are of great concern and an area where changes in technology and industry have come together to create a downward spiral in revenue which seems to be picking up steam. Telephone tax receipts decreased \$80,850 in 2012, \$134,823 in 2013, \$132,184 in 2014, and \$210,133 in 2015 for a total of \$557,990 during this four year period which represents a 30% decrease. The ascension of cell phone service, the fierce competition in the cell phone market, the difficulty in getting cell phone companies to comply with utility license tax regulations, and the landline market going the way of the dinosaurs are combining to produce a significant and ongoing drop in revenue.

Utility License Tax:

Year	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Actual	5,729,070	6,467,222	6,291,224	6,313,703	6,348,324	6,202,723
Budget	5,950,000	5,700,000	6,000,000	6,100,000	6,200,000	6,400,000
(+)/(-) Prior	1,609,265	738,152	-175,998	22,479	34,621	-145,601
(+)/(-) Budget	-220,930	767,222	291,224	213,703	148,324	-197,277

ROAD AND BRIDGE TAX represents a portion of the countywide 10.5 cent property tax received by the city. Revenue finished \$3,983 over the budget of \$550,000 and up \$2,694 or 0.5% when compared to last year. Road and bridge tax receipts peaked in 2008 at \$700,642. Since that time receipts have been in a steady decline.

Road and Bridge Tax:

Year	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Actual	635,055	637,905	579,749	586,887	551,289	553,983
Budget	650,000	625,000	600,000	575,000	575,000	550,000
(+)/(-) Prior	-36,926	2,850	-58,156	7,138	-35,598	2,694
(+)/(-) Budget	-14,945	12,905	-20,251	11,887	-23,711	3,983

SALES TAX is received from two sources, the countywide 1% sales tax and the statewide motor vehicle sales tax. The countywide 1% sales tax is distributed based on a formula which reflects the city's population as part of a pooled population of other cities and St. Louis County. Revenue of \$8,025,641 is \$525,641 over the budget of \$7,500,000 and up \$201,344 or 2.6% when compared to last year. The 1% countywide sales tax was up \$179,876 or 2.4% while the motor vehicle sales tax was up \$21,468 or 5.3%. This marks the third consecutive year of increasing sales tax receipts, going from \$7,031,418 in 2012 to \$8,025,641 in 2015 for an increase of \$994,223 or 14.1% over that time period.

Sales tax revenue has been very cyclical over time, driven primarily by decennial changes to both the city's and the underlying pool populations as well as ebbs and flows in the economy. Changes in consumer spending patterns are also proving detrimental to sales tax receipts as

consumers are moving a greater number of purchases to internet sources where many purchases are not subject to sales tax and away from local retailers who must collect and remit sales tax.

Sales Tax:

Year	2010	2011	2012	2013	2014	2015
Actual	6,705,743	7,084,234	7,031,418	7,186,217	7,824,297	8,025,641
Budget	6,900,000	6,600,000	6,600,000	7,000,000	7,100,000	7,500,000
(+)/(-) Prior	-81,573	378,491	-52,816	154,799	638,080	201,344
(+)/(-) Budget	-194,257	484,234	431,418	186,217	724,297	525,641

MUNICIPAL COURT REVENUE has not traditionally been discussed in this revenue recap. However, as this is a discussion of those revenue sources having had a singular impact on general fund revenues during the 2015 fiscal year it, must be included in the discussion. Court revenue dropped \$633,791 or 24.5% for 2015. A small portion of this decline or \$62,146 is due to the elimination of the red light camera program. The remaining \$571,645 is a reflection on what is occurring in municipal courts all across the St. Louis metropolitan area due in part to the effects of the civil unrest in the City of Ferguson and elsewhere. The Missouri State Legislature adopted legislation directed at municipal courts which also had an effect on the activities of municipal court systems. Police departments across St. Louis County are dealing with numerous issues as they attempt to find effective ways to provide policing services under the current atmosphere and attitudes towards police officers and policing in general.

TOTAL GENERAL FUND REVENUE of \$23,289,024 was short of the budget by \$88,976 and down \$690,721 or 2.9% from last year. Primary contributors to the overall revenue picture have been discussed above. Secondary contributors of a positive nature include business license revenue which was up \$36,138 over 2014. The opening of Wal-Mart late in the year was a key contributor combined with the majority of the larger gross receipt businesses performing well. Cable TV was up \$49,607 from 2014. This marks the seventh year in a row that cable TV revenues have increased, going from \$408,037 in 2008 to \$757,561 in 2015, an increase of \$349,524 or 85.7% over that eight year period. Whatever issues there have been with the economy, residents have not gone without cable TV.

Secondary contributors of a negative nature include the golf course which was down \$92,342 from 2014. However, prior year revenue numbers include the sale of the golf cart fleet for \$132,350 which artificially inflated revenue for 2014. When the proceeds from the sale of the carts is adjusted out of 2014 revenue, golf course revenue was actually up \$40,008. Building permits were down \$183,101. This is a result of higher than normal permits issued in 2014 for the Wal-Mart construction and the attendant businesses at that site.

Total General Fund Revenue:

Year	2010	2011	2012	2013	2014	2015
Actual	23,360,798	24,974,851	23,925,553	23,766,578	23,979,745	23,289,024
Budget	22,399,483	23,654,328	23,104,751	22,858,208	22,974,000	23,378,000
(+)/(-) Prior	3,442,100	1,614,053	-1,049,298	-158,975	213,167	-690,721
(+)/(-) Budget	961,315	1,320,523	820,802	908,370	1,005,745	-88,976

CAPITAL IMPROVEMENT FUND

CAPITAL IMPROVEMENT SALES TAX is distributed based on a formula that reflects the city's population as compared to a pooled population comprised of other cities in St. Louis County. This sales tax finished at \$3,529,090 which is \$329,090 over the budget of \$3,200,000 and \$172,590 or 5.1% more than last year. This marks the sixth year in a row that the capital improvement sales tax increased over the prior year. Prior to 2015 the two best years for the Capital Improvement Sales Tax were 2014 when revenue finished at \$3,356,500 and 2007 when revenue finished at \$3,326,271.

Capital Improvement Sales Tax:

Year	2010	2011	2012	2013	2014	2015
Actual	3,034,176	3,163,088	3,168,808	3,228,540	3,356,500	3,529,090
Budget	3,050,000	3,000,000	2,950,000	3,100,000	3,100,000	3,200,000
(+)/(-) Prior	-73,007	128,912	5,720	59,732	127,960	172,590
(+)/(-) Budget	-15,824	163,088	218,808	128,540	256,500	329,090

PARK IMPROVEMENT FUND

PARK IMPROVEMENT SALES TAX is the only point-of-sale city sales tax which means it is distributed back to the city based on sales occurring within the corporate limits of the city and is not shared with any other city. Park sales tax totaled \$3,278,362 which is \$153,362 over the budget of \$3,125,000 and \$136,622 or 4.3% more than last year. Prior to 2015 the two best years for the Park Improvement Sales Tax were 2014 when revenue finished at \$3,141,740 and 2008 when revenue finished at \$3,101,809.

Park Sales Tax:

Year	2010	2011	2012	2013	2014	2015
Actual	2,854,608	2,965,574	3,002,073	3,038,832	3,141,740	3,278,362
Budget	2,950,000	2,850,000	2,850,000	2,900,000	2,950,000	3,125,000
(+)/(-) Prior	-166,236	110,966	36,499	36,759	102,908	136,622
(+)/(-) Budget	-95,392	115,574	152,073	138,832	191,740	153,362

CONSUMMATUM EST

Information presented in this quarterly financial report is derived from the *Statement of Cash Receipts and Disbursements*, more commonly known as the monthly operating report, for the period ending November 30, 2015. Questions concerning any of the information contained in this quarterly financial report or in the monthly operating reports should be addressed to the Director of Finance, 955 rue St. Francois, Florissant, Missouri 63031. Copies of the *Statement of Cash Receipts and Disbursements* may be found on the city's web site at www.florissantmo.com.

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