

City of Jonesboro

Estimate of COVID-19 Potential Impact on Revenues for 2020 (000's)

Assumptions/Information:

- Some media reports indicate revenues for certain business sectors may be off by as much as **75%** resulting from the Pandemic
- Pandemic is estimated to potentially impact sales activities for the months of April - October impacting 2020 revenues for the remainder of this year
- Reductions in 2020 budgeted expenditures are not considered in the forecasted Reserve balance
- Revenues for Sales tax activities distributed by the State, experience a 2 mon lag between timing of sales activity and distribution
- Revenues for A & P and Alcohol Bev tax remitted directly to the City by the retailer, experience a 1 mon lag between timing of sales activity and remittance

Source: 2019 Actual Revenues estimated to decrease approximately 50%

Shortfall Estimate by Category by Month										
Revenue Type	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
	Estimated 50% Reduction in Revenue									
Sales Tax (2 mon lag)	\$ -	\$ -	\$ (1,400)	\$ (1,400)	\$ (1,400)	\$ (1,400)	\$ (1,467)	\$ (1,467)	\$ (1,466)	\$ (10,000)
State Turnback (2 mon lag)	-	-	(134)	(134)	(134)	(134)	(134)	(134)	(136)	(940)
1/2 Cent Sales Tax (2 mon lag)	-	-	(67)	(67)	(67)	(67)	(67)	(67)	(68)	(470)
A & P Tax (1 mon lag)	-	(30)	(30)	(30)	(30)	(30)	(30)	(30)	-	(210)
Alcohol Bev Tax (1 mon lag)	-	(20)	(20)	(20)	(20)	(20)	(20)	(20)	-	(140)
<b>Estimated Total Revenue Decrease</b>	<b>\$ -</b>	<b>\$ (50)</b>	<b>\$ (1,651)</b>	<b>\$ (1,651)</b>	<b>\$ (1,651)</b>	<b>\$ (1,651)</b>	<b>\$ (1,718)</b>	<b>\$ (1,718)</b>	<b>\$ (1,670)</b>	<b>\$ (11,760)</b>

IMPACT ON RESERVES RECAP (000's)	Scenario 1	Scenario 2	Scenario 3
Jan - Mar 2020 Surplus Actual/Budget \$ Variance	\$ 1,276	\$ 1,276	\$ 1,276
2020 Budget Surplus (Deficit)	\$ (3,920)	\$ (3,920)	\$ (3,920)
2020 Net Surplus (Deficit) at Yr End 2020	\$ (2,644)	\$ (2,644)	\$ (2,644)
	<b>Assumptions</b>		
	50% ↓	40% ↓	AML 26.5% ↓
<b>Estimated COVID-19 Revenue Reduction</b>	<b>\$ (11,760)</b>	<b>\$ (9,408)</b>	<b>\$ (6,233)</b>
Potential Impact on Reserves at Yr End 2020	\$ (14,404)	\$ (12,052)	\$ (8,877)
Available Reserves net of Required Res & STIP	\$ 19,000	\$ 19,000	\$ 19,000
Available Reserve balance at Yr End 2020	\$ 4,596	\$ 6,948	\$ 10,123
	Months	Months	Months
Operating Reserve Cushion (\$4.5 million exp/month)	1.0	1.5	2.2

Conclusion:

- Forecasts indicate the Reserve balance may be depleted from \$6 to \$12 million resulting from the pandemic
- Operating reserve cushion of 4.5 months may be reduced to as low as 1 month to 2.5 months
- Reductions in 2020 budgeted expenditures are not considered in the forecasted Reserve balance
- Reductions in A&P revenues may be directly offset by a reduction in A&P program awards
- Sustained impact on revenues relating to the 2020 Tornado are not considered