

Controller's Memo to Council on General Fund Revenue Projections in 2021 Budget

The 2021 general fund revenue estimate is built from over 70 different revenue streams. The Controller's Office has reviewed these estimates and finds most of them to be reasonable. It is acceptable for individual revenue streams to vary from their estimates as long as the general fund revenue estimate is accurate in the aggregate. However, as COVID-19 induced revenue challenges will continue into 2021, it is important for Council to know that data do not support revenue estimates in the following accounts:

000-2916	Building Permits and Fees
000-2931	CATV Franchise Fees
000-3417	EMS Transit Fees
000-4110	District Court
000-4113	Allentown Parking Authority
000-5241	State Pension Aid
000-6161	Sale of City Property

000-2916 Building and Permit Fees

	2020	2019	2018
Budget	\$1,350,000	\$1,250,000	\$966,000
Actual	\$1,450,000*	\$1,438,000	\$1,175,000

2021 budget is \$1,650,000. This revenue stream has shown yearly increases. However, it cannot increase yearly forever. The department declined to provide historical and projected data to support the 2021 revenue estimate. A shortfall of \$200,000 is reasonable.

000-2931 CATV Franchise Fees

	2020	2019	2018	2017
Budget	\$1,470,000	\$1,470,000	\$1,470,000	\$1,300,000
Actual	\$1,210,000*	\$1,307,000	\$1,377,000	\$1,469,000

2021 budget amount is \$1,470,000. Cable usage is declining as consumers migrate to streaming services or use satellite networks. Expected revenue shortfall is \$250,000.

000-3417 EMS Transit Fees

	2020	2019	2018	2017
Budget	\$4,180,000	\$4,045,000	\$3,670,000	\$3,670,000
Actual	\$3,900,000*	\$4,114,000	\$3,911,000	\$2,752,000

2021 budget amount is \$4,201,000. While call volume remains strong, the payor mix has become less favorable (i.e. fewer auto accidents) resulting in less revenue. This condition is expected to continue in 2021. Expected revenue shortfall is \$200,000.

000-4110 District Court

	2020	2019	2018	2017
Budget	\$250,000	\$300,000	\$300,000	\$310,000
Actual	\$150,000*	\$191,000	\$210,000	\$221,000

2021 budget amount is \$250,000. Declining revenue (i.e. fewer auto accidents). Expected revenue shortfall is \$75,000.

000-4113 Allentown Parking Authority

	2020	2019	2018	2017
Budget	\$300,000	\$750,000	\$750,000	\$1,025,000
Actual	\$0	\$57,000	\$423,000	\$638,000

2021 budgeted amount is \$300,000. No agreement(s) in place between COA and APA to provide this revenue. Expected revenue shortfall is \$300,000.

000-5241 State Pension Aid

	2020	2019	2018	2017
Budget	\$5,102,000	\$4,500,000	\$4,494,000	\$4,000,000
Actual	\$4,659,997	\$4,939,000	\$4,497,000	\$4,597,000

2021 budgeted amount \$5,101,809. This revenue is derived from a tax on fire insurance written in Pennsylvania by out of state companies. Due to economic conditions income was down significantly this year and is expected to be down next year as well. In the past, the next year's budgeted amount was

informed by the amount received in the current year (i.e. received \$4,497,000 in 2018 and budgeted \$4,500,000 in 2019). This was not done for the 2021 budget. Expected revenue shortfall is \$442,000. (Enterprise funds will also have a shortfall of \$28,000.00)

000-6161 Sale of City Property

	2020	2019	2018	2017
Budget	\$200,000	\$200,000	\$25,000	\$160,000
Actual	\$0*	\$92,500	\$0	\$25,000

2021 budget amount is \$500,000. Data does not support this amount of revenue in 2021. Expected revenue shortfall \$450,000.

Total General Fund shortfall \$1,917,000.00

* 2020 YTD

