Crowe Government Financial Analyzer

Revenue Analysis & Modeling

June 18, 2020

Disclaimer: The material presented in this webinar is general in nature and is intended for informational purposes only. It is not municipal advisory advice nor a call to action. Please contact your registered municipal advisor to discuss the impact to your organization.
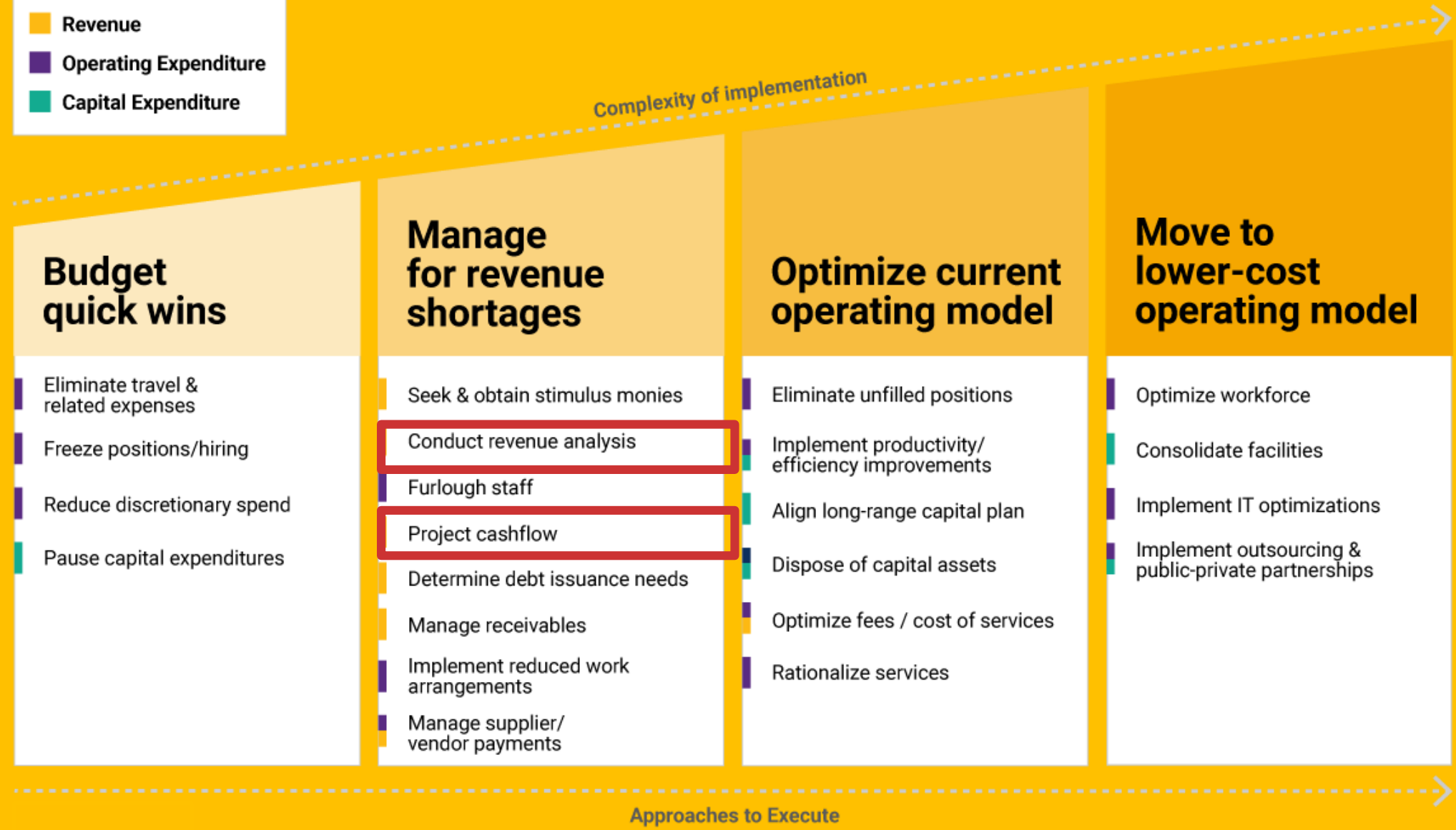
Meet Your Panelists

Alicia Antonetti-Tricker

Tim Berry

Public Sector Roadmap

Legend:
- Revenue
- Operating Expenditure
- Capital Expenditure

Complexity of implementation

Budget quick wins
- Eliminate travel & related expenses
- Freeze positions/hiring
- Reduce discretionary spend
- Pause capital expenditures

Manage for revenue shortages
- Seek & obtain stimulus monies
- Conduct revenue analysis
- Furlough staff
- Project cashflow
- Determine debt issuance needs
- Manage receivables
- Implement reduced work arrangements
- Manage supplier/vendor payments

Optimize current operating model
- Eliminate unfilled positions
- Implement productivity/efficiency improvements
- Align long-range capital plan
- Dispose of capital assets
- Optimize fees / cost of services
- Rationalize services

Move to lower-cost operating model
- Optimize workforce
- Consolidate facilities
- Implement IT optimizations
- Implement outsourcing & public-private partnerships

Approaches to Execute

3-Part Revenue Webinar Series

Webinar Series Focus

The importance of scenario modeling and tools

Adjusting revenue expectations

Controlling cost to reduce expenditures

Aligning everything to manage your budget

Tool demonstration for each area of focus

Webinar Dates

June 18
- Revenue Analysis & Modeling

July 9
- Expenditure Analysis & Modeling
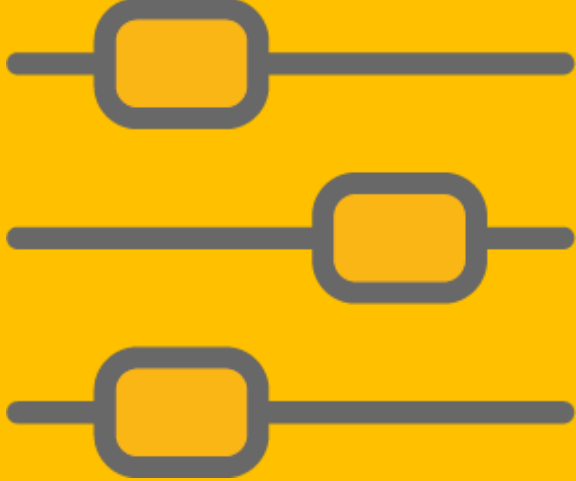
July 30
- Cashflow Analysis & Modeling

How to Develop a Revenue Analysis Model: 3 Steps

Historical Revenue Actuals & Future Budgets
(3 – 10 years historical and 3 – 5 years into future)

Revenue Type Breakdown
(based on historical 3 – 5 years)

Scenario Levers
(monthly or yearly)

How to Develop a Revenue Analysis Model:
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+

Revenue Type Breakdown
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+

Scenario Levers
(monthly or yearly)

How to Breakdown Revenue by Source: Framework

Sales & Use Tax

Intergovernmental Transfers

Property Tax

Charges & Fees

Income Tax
(Personal + Corporate)

Other Sources

Breakdown by Source: Sales & Use Tax Categories
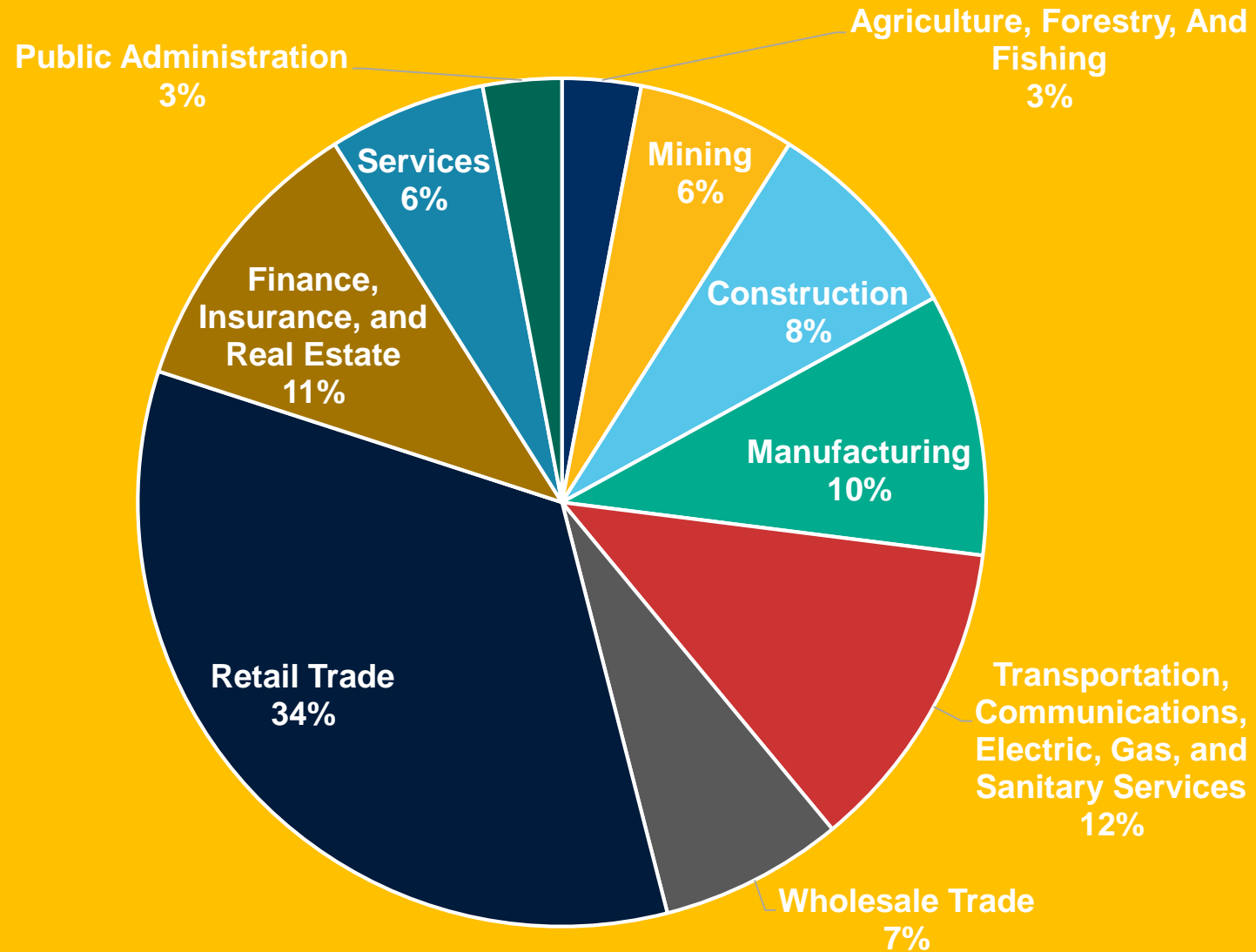
Standard Industrial Classification

- Agriculture, Forestry, And Fishing
- Mining
- Construction
- Manufacturing
- Transportation, Communications, Electric, Gas, and Sanitary Services
- Wholesale Trade
- Retail Trade
- Finance, Insurance, and Real Estate
- Services
- Public Administration
- Other

North American Industry Classification System

- Agriculture
- Mining, Quarrying, and Oil and Gas Extraction
- Utilities
- Construction
- Manufacturing
- Wholesale Trade
- Retail Trade
- Transportation and Warehousing
- Information
- Finance and Insurance
- Real Estate and Rental and Leasing
- Professional, Scientific, and Technical Services
- Management of Companies and Enterprises
- Admin. / Support & Waste Mgmt. / Remediation Services
- Educational Services
- Health Care and Social Assistance
- Arts, Entertainment, and Recreation
- Accommodation and Food Services
- Other Services
- Public Administration
- Other

Breakdown by Source: Sales & Use Tax – SIC Example

Pie chart segments:
- Agriculture, Forestry, And Fishing 3%
- Mining 6%
- Construction 8%
- Manufacturing 10%
- Transportation, Communications, Electric, Gas, and Sanitary Services 12%
- Wholesale Trade 7%
- Retail Trade 34%
- Finance, Insurance, and Real Estate 11%
- Services 6%
- Public Administration 3%

Breakdown by Source: Property Tax

Personal

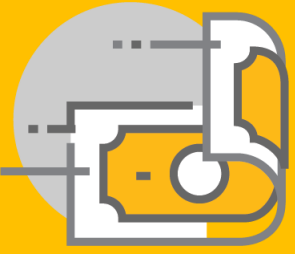Real - Residential

Real – Commercial / Industrial

Real - Agriculture

Other

Breakdown by Source: Income Tax

Individual Income Tax	Corporation Net Income Tax

Breakdown by Source: Intergovernmental Transfers

Federal	State	Local
• Air Transportation • Education • Employee Security Administration • General Local Support • Health and Hospitals • Highways • Housing and Community Development • Agriculture • Other Natural Resources • Public Welfare • Sewerage • Water Supply Utility • Electric Power Utility • Gas Supply Utility • Public Mass Transit Utility • All Other	• Education • General Local Support • Health and Hospitals • Highways • Housing and Community Development • Public Welfare • Sewerage • Water Supply Utility • Electric Power Utility • Gas Supply Utility • Public Mass Transit Utility • All Other	• Interschool Revenue • Education • General Local Support • Health and Hospitals • Highways • Housing and Community Development • Public Welfare • Sewerage • Water Supply Utility • Electric Power Utility • Gas Supply Utility • Public Mass Transit Utility • All Other

Breakdown by Source: Charges and Fees

Natural Resources

- Agriculture
- Forestry
- Other Natural Resources

Customer

- Parking Facilities
- Parks & Recreation
- Licensing
- Permits

Sanitation

- Sewerage
- Solid Waste Management
- Water Transport and Terminals

Other

- Jurisdiction specific

Breakdown by Source: Other Sources

Special jurisdiction taxes (e.g., food and beverage, motel / hotel, motor vehicle, etc.)

Fines and forfeitures

Other jurisdiction specific

Investment income

How to Develop a Revenue Analysis Model:
3 Steps

**Historical Revenue Actuals
& Future Budgets**
(3 – 10 years historical and
3 – 5 years into future)

**Breakdown of Revenue
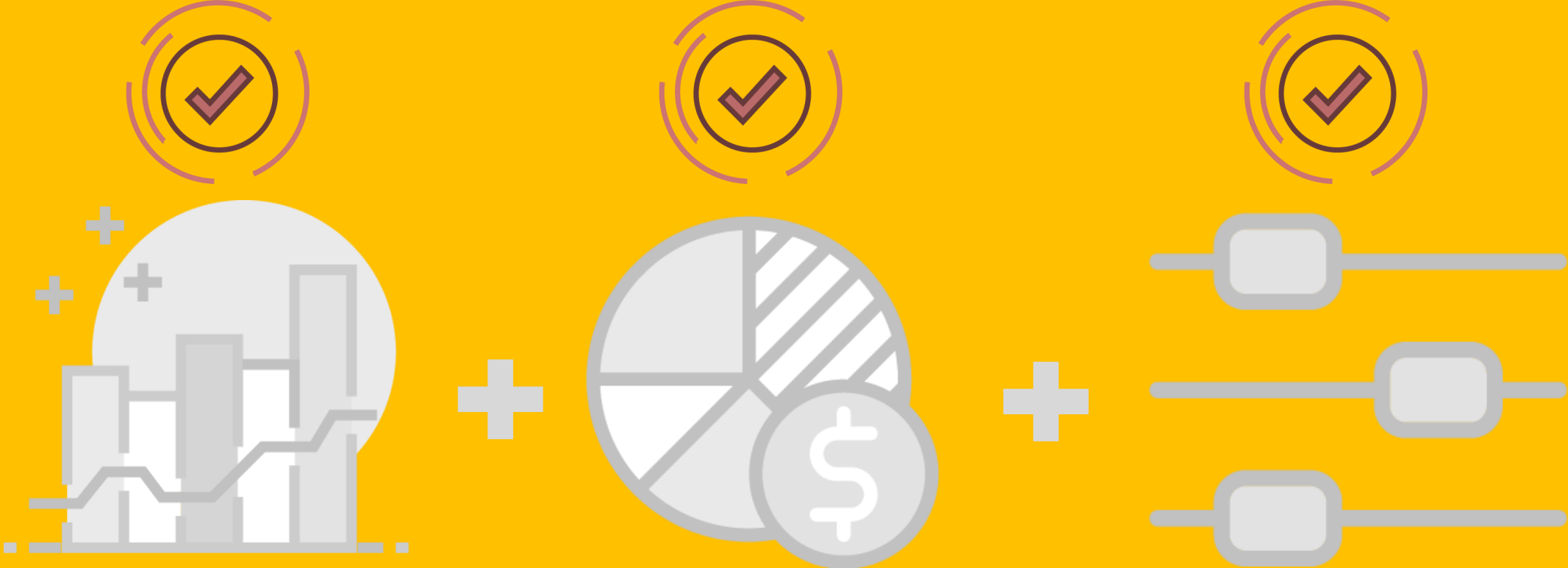by Source**
based on historical
3 – 5 years
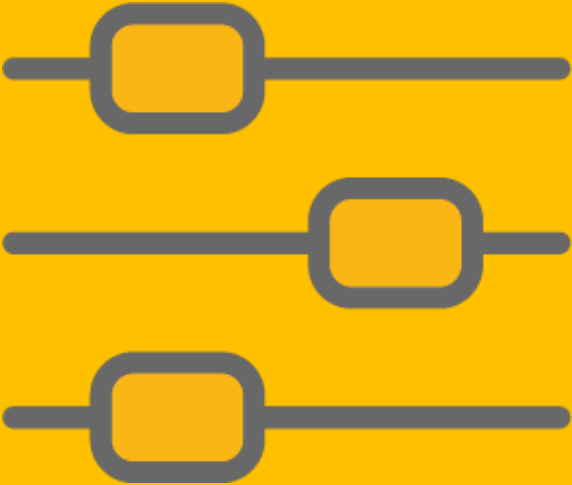
Scenario Levers
(monthly or yearly)
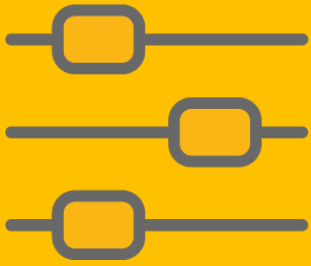
Scenario Levers: How to Build a Model

- Use revenue category breakdown to make assumptions based on market conditions

- Refer to industry benchmarks / sources to guide assumptions

- Estimate potential impact to expected revenues (e.g., budgeted revenues), on a percentage basis, by revenue type and sub-categorization.
  - *Example: Assume personal property tax collections to be 85% of expected revenues for months 3 – 7 this calendar year.*

- Estimate for each period (month or annually) by revenue type and sub-category. Update model as you uncover more information (actuals, new benchmarks, etc.)

Scenario Levers: How to Build a Model – Sales Tax Example

How to Develop a Revenue Analysis Model: 3 Steps

Historical Revenue Actuals & Future Budgets
(3 – 10 years historical and 3 – 5 years into future)

Breakdown of Revenue by Source
based on historical 3 – 5 years

Scenario Levers
(monthly or yearly)

Free Consultation

Join us for a no-obligation, free consultation to discuss your jurisdiction's revenue model.

We will explore your revenue sources, and, if data is readily available, show what your information could look like in our modeling tool.
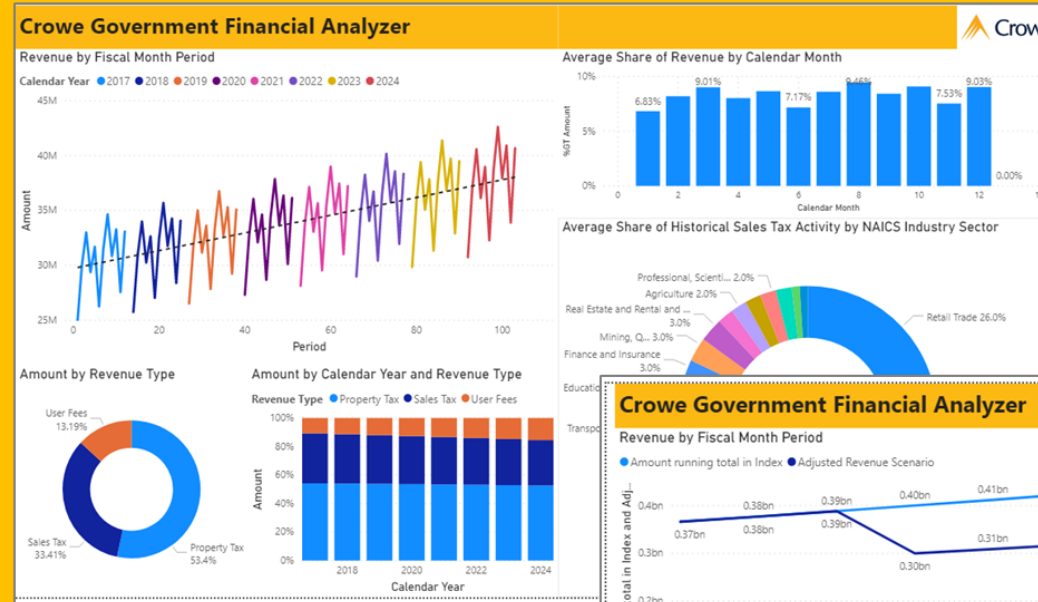
Crowe Government Financial Analyzer Benefits:
- Powered By Microsoft PowerBI
- Online & Fully Hosted
- Excel-based Import Templates
- Consulting and Technical Support Available
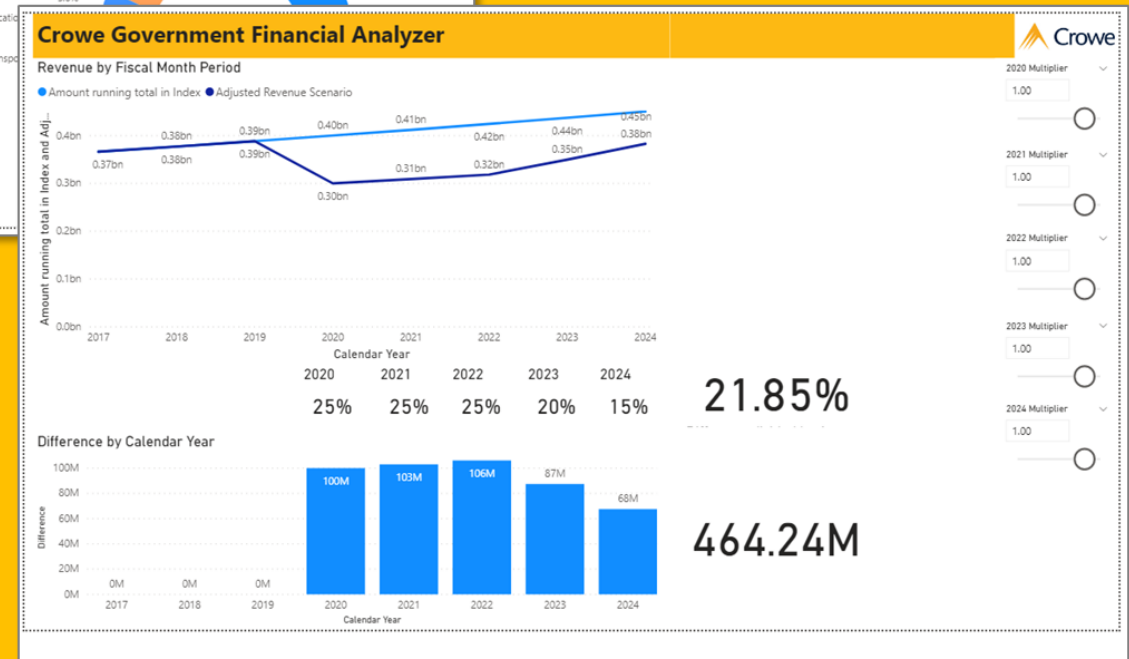
Questions?

More from Crowe: CARES Act Reporting Tool

The requirement to begin reporting your CARES Act expenditures will begin as early as July.

Crowe has built a low cost reporting solution which consolidates your subrecipient information and automatically uploads to USASpending.gov.
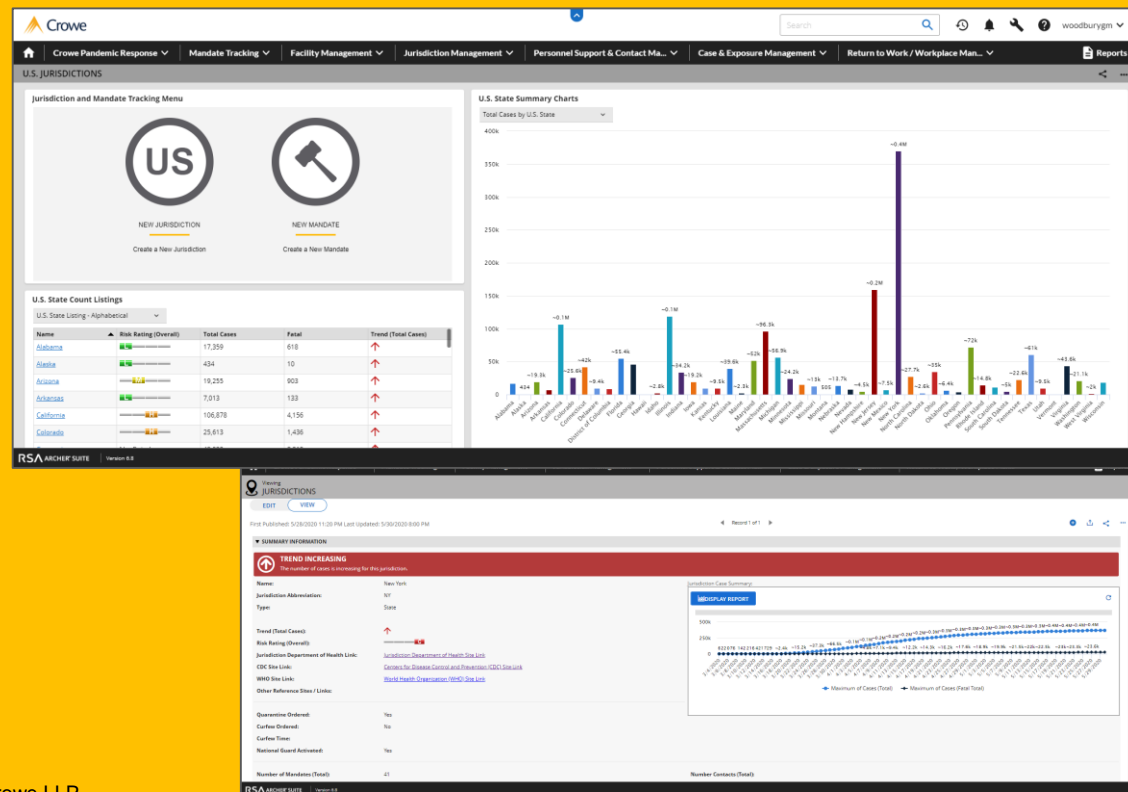
Interested in learning more?

- **Contact Bob Dobis at bob.dobis@crowe.com**
- **Sign-up for our Webinar on July 30th.**
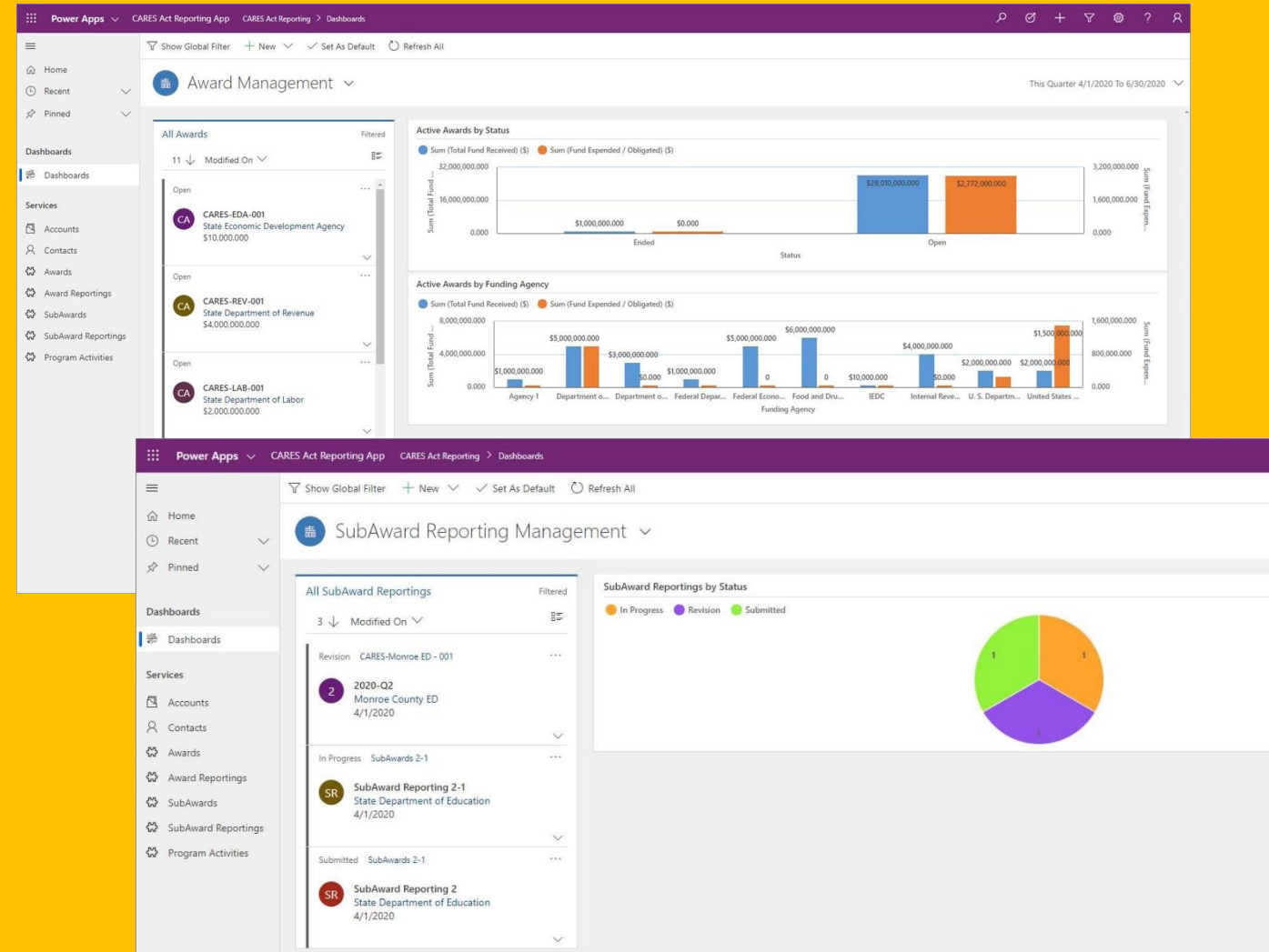
More from Crowe: Pandemic Response & Recovery App

Every Organization Faces the Same Critical Questions

And the answers change every day – making it difficult to risk assess and prioritize your response actions.

What mandates and closures exist in the jurisdictions that affect employees, partners, customers, contractors, suppliers, and facilities?

Where is each employee? How are they affected by mandates? Who is exempt? What do they need to prove their exemption for safe passage?

How are employees doing? What do they need from us to stay safe and productive?

Who in our ecosystem has been exposed or has contracted the virus?

Are we in compliance with applicable regulations? What do we need to report to state, local, and federal government health departments?

How is the pandemic affecting our business? How do we need to adapt workforce structures, policies, supply chains, or customer relationships? When and how do we "return"?

Interested in learning more? Contact Paul Lionikis at paul.lionikis@crowe.com.

Thank you!