

Fourth Quarter FY 2021 Financial Report

Note: Figures are unaudited and subject to final adjustments.

| Category | Current Year (in thousands) | | | | Prior Yr. (in thousands) | | |
|--------------------------------|-----------------------------|---------------|----------------|------------|--------------------------|----------------|------------|
| | FY21 Adp. | FY21 Amd. | Actual 6/30/21 | % Amd. | FY20 Amd. | Actual 6/30/20 | % Act. |
| Revenue | | | | | | | |
| Property Taxes | 43,816 | 43,648 | 44,327 | 102% | 43,487 | 42,552 | 98% |
| From Other Gov't. | 21,650 | 22,506 | 24,560 | 109% | 22,711 | 23,201 | 102% |
| Fines /Forfeitures | 1,583 | 983 | 948 | 96% | 1,710 | 1,510 | 88% |
| Use of Money/Property | 1,341 | 1,804 | 1,553 | 86% | 1,724 | 2,364 | 137% |
| Charges for Services | 7,405 | 4,305 | 2,996 | 70% | 7,161 | 5,472 | 76% |
| Licenses/Permits | 3,411 | 3,411 | 2,833 | 83% | 3,411 | 3,595 | 105% |
| Other Revenue | 5,399 | 6,344 | 4,380 | 69% | 5,525 | 5,204 | 94% |
| Total Revenue (\$) | 84,605 | 83,000 | 81,597 | 98% | 85,729 | 83,896 | 98% |
| Expenditures | | | | | | | |
| Personnel | 51,813 | 51,018 | 49,248 | 97% | 51,733 | 51,146 | 99% |
| Operating | 15,033 | 14,336 | 12,515 | 87% | 15,565 | 13,092 | 84% |
| Capital Outlay | 1,722 | 2,044 | 1,797 | 88% | 2,416 | 2,097 | 87% |
| Other | 2,476 | 2,474 | 2,372 | 96% | 2,295 | 2,307 | 101% |
| CIP Transfer | 6,330 | 7,507 | 7,507 | 100% | 9,800 | 9,800 | 100% |
| Transfers Out | 6,261 | 6,962 | 6,962 | 100% | 6,202 | 6,202 | 100% |
| Total Expenditures (\$) | 83,635 | 84,341 | 80,401 | 95% | 88,011 | 84,644 | 96% |

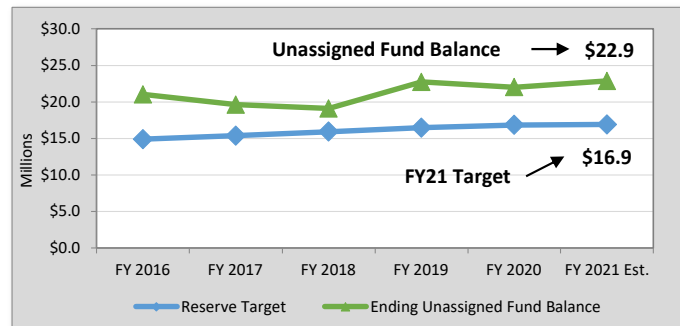
General Fund Summary

The amended budget includes adjustments made during the year on the November, March, and May budget amendments to recognize reductions due to ongoing pandemic-related program changes and closures.

FY21 revenues exceeded expenditures by \$1.2 million based on the unaudited figures shown in this report, meaning the city added to the General Fund's unassigned fund balance. For a year marked by significant closures, cancellations, and changes this addition to fund balance shows the Mayor and Council's and staff's commitment to prudent financial management.

General Fund Unassigned Fund Balance

The unaudited ending FY21 unassigned fund balance equals \$22.9 million, or \$5.6 million above the FY22 reserve target of \$17.3 million. Included in this total is \$270,000 that the Mayor and Council committed (via adoption of the FY22 budget ordinance) for the redesign of the city's website; this funding will be appropriated via the October budget amendment. This budget amendment will also recommend utilizing \$1.2 million of the available unassigned fund balance for the Maintenance and Emergency Operations Facility Improvements (GD19) CIP project and \$66,000 for leave buyback, bringing the unassigned fund balance above the reserve target to \$4.3 million.



General Fund Contingency Status

Per the City's Financial Management Policies, contingency funds are available for unanticipated, unbudgeted expenditures of a non-recurring nature and/or unexpected cost increases.

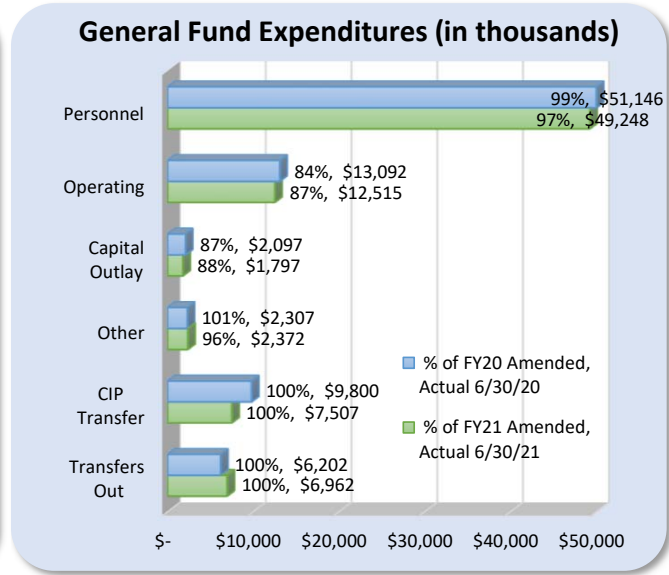
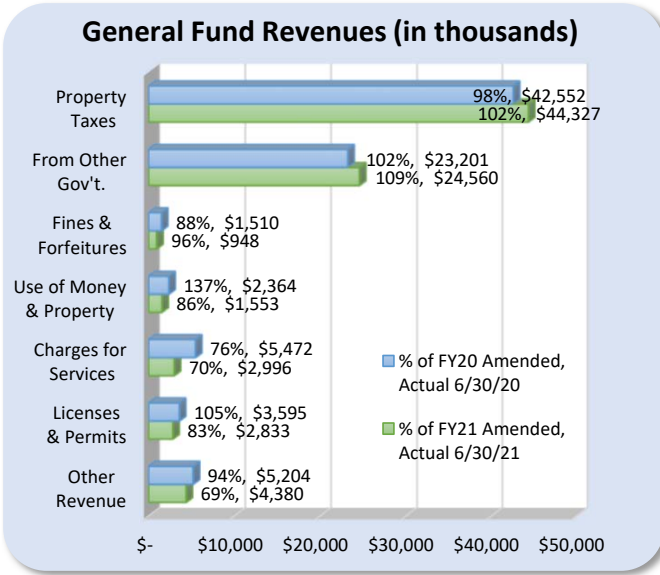
| General Fund Contingency Usage through 4Q | Amount |
|--|---------------|
| Adopted FY21 General Fund Contingency | 310,000 |
| Additional funding for police parking lease | (6,000) |
| Additional credit card fees due to online permitting | (21,000) |
| Electronic bidding (procurement) software | (40,000) |
| Temporary employee for COVID testing | (10,000) |
| Recruitment costs for City Attorney | (21,300) |
| Emergency gate repair at maintenance yard | (9,775) |
| City Hall security project | (50,000) |
| City Hall air filters and HVAC UV lights | (76,000) |
| Agenda and minutes system replacement | (31,220) |
| FY21 Contingency Remaining (\$) | 44,705 |

Unspent Personnel Funds

Unspent funds related to vacant General Fund positions are tracked and reported quarterly, along with any uses of these funds. Historically, in addition to vacancy-related costs, these funds have been used for weather-related needs such as snow removal.

| Unspent Personnel Funds | 4Q Only | YTD FY21 |
|---|------------------|------------------|
| Gross unspent funds from vacancies | 697,430 | 2,401,333 |
| Vacancy-related (costs)/savings | (264,300) | (1,295,017) |
| Net Unspent Funds | 433,130 | 1,106,316 |
| <i>Uses of Net Unspent Funds</i> | | |
| Employee leave buyback | - | (53,000) |
| Snow & ice removal | - | (220,000) |
| Legal fees | (410,331) | (410,331) |
| Workers comp collateral call* | (422,985) | (422,985) |
| Net Unspent Funds Remaining (\$) | (400,186) | - |

*The full General Fund collateral total was \$573,390, with the difference funded from temporary employee savings.



General Fund Revenues by Category

Property Taxes totaled \$44.3 million for FY21, or 102% of the amended target.

Revenue **From Other Governments** totaled \$24.6 million for FY21, or 109% of the amended budget. The FY21 total includes over \$1 million in federal aid related to the COVID-19 pandemic. Income tax, the largest revenue source within this category, totaled \$16.6 million, exceeding the FY20 total by nearly \$600,000. Admissions and amusement tax revenue stands out in this category as the only major decrease from FY20, ending FY21 at just over \$312,000 compared to over \$1 million in FY20. As more indoor entertainment options opened in 4Q this revenue source increased significantly, with 4Q revenue accounting for 44% of the total.

Revenue from **Fines & Forfeitures** totaled just over \$948,000 for FY21, or 96% of the amended budget. Redlight camera revenue, which makes up the largest portion of this category, declined by 39% compared to FY20 due to decreased vehicle traffic as a result of the current pandemic.

Use of Money & Property revenue totaled \$1.6 million for FY21, or 86% of the amended budget due to low interest rates and resulting investment income.

Charges for Services revenue totaled \$3 million for FY21, or 70% of the amended budget. This category includes recreation revenues as well as some development-related fees, which have all been significantly impacted by the COVID-19 pandemic.

Licenses & Permits revenue totaled \$2.8 million, or 83% of the amended FY21 budget. Building permits make up the largest portion of this category, and this revenue source was also significantly impacted by the COVID-19 pandemic.

Other Revenue totaled \$4.4 million for FY21, or 69% of the amended budget. This category includes hotel tax, which declined by 49% from FY20 due to the COVID-19 pandemic.

General Fund Expenditures by Category

Total **Personnel** spending totaled \$49.2 million for FY21, or 97% of the amended personnel budget. Regular wages decreased compared to FY20 due to COVID-19 premium pay paid in late FY20, and the reduction of funded regular positions to offset reduced revenues anticipated in FY21. Spending on temporary employees decreased 31% from FY20 due to pandemic-related facility and program closures. Included in the FY21 total is the required collateral payment to the city's former workers' compensation insurer to cover estimated outstanding liabilities as previewed to the Mayor and Council during the June 21, 2021 approval of a new vendor for this insurance. This payment totaled \$736,532 across multiple funds, with \$573,390 of that total charged to the General Fund.

Operating expenditures totaled \$12.5 million or 87% of the amended budget. This category includes contractual services, utilities, and supplies. This category saw savings due to pandemic-related facility closures and programming modifications as recognized on budget amendments throughout the year.

Capital Outlay expenditures totaled \$1.8 million or 88% of the amended budget. This funding covers one-time equipment purchases including vehicle replacements, and varies from year to year based on needs and replacement schedules.

Other expenditures totaled \$2.4 million or 96% of the amended budget. This category includes payments to outside agencies.

The **CIP Transfer** totaled \$7.5 million or 100% of the amended budget. This category is expended quarterly based on the amended budget.

The **Transfers Out** category totaled \$7 million or 100% of the amended budget. This category is expended quarterly based on the amended budget, and includes transfers to the Parking, Debt Service, Refuse (for RHE refuse bills), and Special Activities funds.

WATER FUND

| | Current Year (in thousands) | | | | Prior Year (in thousands) | | |
|-----------------------------|-----------------------------|---------------|---------------|------------|---------------------------|---------------|------------|
| | FY21 | FY21 | Actual | % | FY20 | Actual | % |
| | Adp. | Amd. | 6/30/21 | Amd. | Amd. | 6/30/20 | Act. |
| Total Revenue (\$) | 14,565 | 14,565 | 13,784 | 95% | 14,276 | 13,931 | 98% |
| <i>Expenses</i> | | | | | | | |
| Personnel | 3,903 | 3,903 | 3,799 | 97% | 3,784 | 3,918 | 104% |
| Operating | 2,450 | 2,546 | 2,106 | 83% | 2,190 | 1,907 | 87% |
| Capital Outlay ¹ | 380 | 380 | 196 | 52% | 115 | 117 | 101% |
| Admin/Other/Interest | 5,843 | 5,843 | 5,698 | 98% | 5,779 | 5,771 | 100% |
| Total Expenses (\$) | 12,576 | 12,672 | 11,798 | 93% | 11,868 | 11,713 | 99% |

Water utility revenue decreased due to the high level of delinquent water bills due to the pandemic, along with no late fees or re-connection fees.

The FY21 budget included no water rate increases. During the first half of FY21 the city performed a study that evaluated the cost of service by property classification. After concerns about the rate structure for multifamily properties, the Mayor and Council directed staff to work with the utility

rate consultant to further analyze occupancy and use factors for multifamily properties. The consultant presented an updated rate structure recommendation to the Mayor and Council on September 27, 2021, which was adopted. On October 4, 2021, the Mayor and Council directed staff to fund delinquent water bills from March 2020 through September 2021 as well as selected water infrastructure improvements ("Scenario 1") with ARPA funds, which will allow the current water rates to stay the same through the end of FY22, and increase by 2.1% for FY23 and FY24.

SEWER FUND

| | Current Year (in thousands) | | | | Prior Year (in thousands) | | |
|-----------------------------|-----------------------------|---------------|---------------|-------------|---------------------------|---------------|-------------|
| | FY21 | FY21 | Actual | % | FY20 | Actual | % |
| | Adp. | Amd. | 6/30/21 | Amd. | Amd. | 6/30/20 | Act. |
| Total Revenue (\$) | 16,022 | 16,022 | 16,505 | 103% | 15,526 | 15,812 | 102% |
| <i>Expenses</i> | | | | | | | |
| Personnel | 1,950 | 1,950 | 1,960 | 101% | 1,920 | 1,915 | 100% |
| Operating | 3,959 | 3,988 | 3,470 | 87% | 3,927 | 3,462 | 88% |
| Capital Outlay ¹ | 88 | 373 | 5 | 1% | 551 | 515 | 93% |
| Admin/Other/Interest | 7,517 | 7,517 | 7,212 | 96% | 7,587 | 7,491 | 99% |
| Total Expenses (\$) | 13,514 | 13,828 | 12,648 | 91% | 13,985 | 13,383 | 96% |

A large portion of Sewer Fund spending occurs in the CIP and goes toward the City's contribution to the Blue Plains Wastewater Treatment Facility.

The FY21 budget included no sewer rate increases. During the first half of FY21 the city performed a study that evaluated the cost of service by property classification. After concerns about the rate structure for multifamily properties, the Mayor and Council directed staff to work with the utility

rate consultant to further analyze occupancy and use factors for multifamily properties. The consultant presented an updated rate structure recommendation to the Mayor and Council on September 27, 2021, which was adopted. On October 4, 2021, the Mayor and Council directed staff to fund delinquent sewer bills from March 2020 through September 2021 with ARPA funds, and to keep the current sewer rates in place through the end of FY22, and increase by 2.1% for FY23 and FY24.

REFUSE FUND

| | Current Year (in thousands) | | | | Prior Year (in thousands) | | |
|-----------------------------|-----------------------------|--------------|--------------|-------------|---------------------------|--------------|-------------|
| | FY21 | FY21 | Actual | % | FY20 | Actual | % |
| | Adp. | Amd. | 6/30/21 | Amd. | Amd. | 6/30/20 | Act. |
| Total Revenue (\$) | 6,216 | 6,216 | 6,320 | 102% | 6,241 | 6,298 | 101% |
| <i>Expenses</i> | | | | | | | |
| Personnel | 3,235 | 3,235 | 2,805 | 87% | 3,133 | 3,072 | 98% |
| Operating | 2,019 | 2,046 | 2,145 | 105% | 2,021 | 1,859 | 92% |
| Capital Outlay ¹ | 441 | 772 | 590 | 76% | 511 | 143 | 28% |
| Admin/Other/Interest | 1,660 | 1,660 | 1,607 | 97% | 1,570 | 1,505 | 96% |
| Total Expenses (\$) | 7,354 | 7,713 | 7,148 | 93% | 7,234 | 6,579 | 91% |

Refuse Fund revenue slightly exceeded last year's total, as a slight increase in utility fee revenue offset a decline in interest earnings.

Personnel expenses decreased in FY21 due to staffing turnover and difficulty filling vacancies. The pandemic has led to increased demand for CDL drivers, leading to a shortage of available fully licensed truck drivers and a very competitive hiring environment for employers.

Additionally, operating expenses increased due to changes in the recycling market that have increased processing and dump fees; an increase in total tons of materials collected due to the pandemic, changing online shopping habits, and a growing customer base; and the need to rent refuse trucks while waiting on the delivery of new vehicles, which were delayed due to the pandemic.

¹Capital outlay purchases with useful lives of more than five years are capitalized and depreciated in accordance with Generally Accepted Accounting Principles (GAAP). The City's financial statements reflect this adjustment, whereas this report shows the actual expense. As a result, the prior year actuals shown on this report in enterprise funds with qualifying capital purchases will differ from the financial statements in the amount of the cost of any capitalized assets.

SWM FUND

| | Current Year (in thousands) | | | | Prior Year (in thousands) | | |
|-----------------------------|-----------------------------|--------------|--------------|------------|---------------------------|--------------|------------|
| | FY21 | FY21 | Actual | % | FY20 | Actual | % |
| | Adp. | Amd. | 6/30/21 | Amd. | Amd. | 6/30/20 | Act. |
| Total Revenue (\$) | 6,133 | 6,133 | 5,471 | 89% | 6,085 | 5,650 | 93% |
| <i>Expenses</i> | | | | | | | |
| Personnel | 2,681 | 2,681 | 2,545 | 95% | 2,678 | 2,643 | 99% |
| Operating | 879 | 902 | 804 | 89% | 830 | 673 | 81% |
| Capital Outlay ¹ | 94 | 94 | 80 | 85% | 25 | 1 | 6% |
| Admin/Other/Interest | 1,830 | 1,830 | 1,752 | 96% | 1,731 | 1,723 | 100% |
| Total Expenses (\$) | 5,484 | 5,506 | 5,181 | 94% | 5,263 | 5,040 | 96% |

FY21 SWM revenue is lower than in FY20 due to a decrease in fees paid to date related to development activity, as well as lower interest earnings.

A large portion of SWM Fund spending occurs in the multi-year CIP. The SWM Fund continues to have a healthy cash balance.

PARKING FUND

| | Current Year (in thousands) | | | | Prior Year (in thousands) | | |
|-----------------------------|-----------------------------|--------------|--------------|-------------|---------------------------|--------------|------------|
| | FY21 | FY21 | Actual | % | FY20 | Actual | % |
| | Adp. | Amd. | 6/30/21 | Amd. | Amd. | 6/30/20 | Act. |
| Total Revenue (\$) | 2,691 | 2,891 | 2,926 | 101% | 2,493 | 2,311 | 93% |
| <i>Expenses</i> | | | | | | | |
| Personnel | 307 | 307 | 279 | 91% | 304 | 281 | 92% |
| Operating | 99 | 99 | 49 | 50% | 102 | 141 | 139% |
| Capital Outlay ¹ | 0 | 0 | 0 | 0% | 0 | 0 | 0% |
| Admin/Other/Int. | 1,077 | 1,178 | 1,102 | 94% | 3,683 | 3,189 | 87% |
| Total Expenses (\$) | 1,483 | 1,584 | 1,430 | 90% | 4,089 | 3,610 | 88% |

Although meter, violation, and fine revenues for FY21 ended the year approximately 27% or \$168,400 lower than in FY20, Parking Fund revenue overall increased from FY20 due to the increased transfer from the General Fund. This transfer totaled \$2 million in FY21, up from \$1.1 million in FY20.

Expenses in FY20 were much higher than FY21 due to costs associated with the 2019B bond refunding, which will save the Parking Fund over \$2.5 million in debt service costs over the remaining life of the bonds.

Capital Improvements Program (CIP) Transfers, All Funds

The City's Financial Management Policies allow the City Manager to approve transfers of unspent project appropriations between capital projects within the same fund. These transfers will always net to zero, as any change in total appropriation by fund must be approved by the Mayor and Council through an appropriations ordinance. Any transfers between projects during the reporting period are shown below.

| 4Q CIP Transfers | Amount (\$) | Fund | Reason for Transfer |
|--|-------------|------------------|--|
| Promenade Park Elevator and Park Redesign (RD21) | 29,622 | Capital Projects | Elevator design more expensive than projected due to ADA accessibility needs |
| Playground Structure Replacement (RH16) | (8,200) | | |
| Roofing Improvements (RI16) | (21,422) | | |
| WTP Electrical, Roof, and HVAC (UA17) | 594,000 | Water | Additional funding needed to award construction due to project delays and cost increases due to COVID-19 |
| Commercial Water Meter Replacement (UB21) | (349,000) | | |
| WTP Safety Improvements (UB19) | (245,000) | | |

¹Capital outlay purchases with useful lives of more than five years are capitalized and depreciated in accordance with Generally Accepted Accounting Principles (GAAP). The City's financial statements reflect this adjustment, whereas this report shows the actual expense. As a result, the prior year actuals shown on this report in enterprise funds with qualifying capital purchases will differ from the financial statements in the amount of the cost of any capitalized assets.