

First Quarter FY 2022 Financial Report

Category	Current Year (in thousands)				Prior Yr. (in thousands)		
	FY22 Adp.	FY22 Amd.	Actual 9/30/21	% Amd.	Actual 6/30/21	Actual 9/30/20	% Act.
GENERAL FUND							
<i>Revenue</i>							
Property Taxes	44,890	44,890	5,487	12%	44,327	3,785	9%
From Other Gov't.	23,326	23,326	1,014	4%	24,560	4,281	17%
Fines /Forfeitures	1,353	1,353	182	13%	948	313	33%
Use of Money/Property	1,459	1,459	193	13%	1,553	69	4%
Charges for Services	6,871	6,871	2,263	33%	2,996	753	25%
Licenses/Permits	3,452	3,452	476	14%	2,833	553	20%
Other Revenue	5,129	5,129	1,199	23%	4,380	1,078	25%
Total Revenue (\$)	86,480	86,480	10,813	13%	81,597	10,832	13%
<i>Expenditures</i>							
Personnel	53,592	53,592	13,793	26%	49,248	13,668	28%
Operating	15,466	15,466	2,199	14%	12,515	3,048	24%
Capital Outlay	1,578	1,578	172	11%	1,797	137	8%
Other	2,580	2,580	1,138	44%	2,372	990	42%
CIP Transfer	7,000	7,000	1,750	25%	7,507	1,583	21%
Transfers Out	6,195	6,195	1,549	25%	6,962	1,565	22%
Total Expenditures (\$)	86,410	86,410	20,600	24%	80,401	20,990	26%

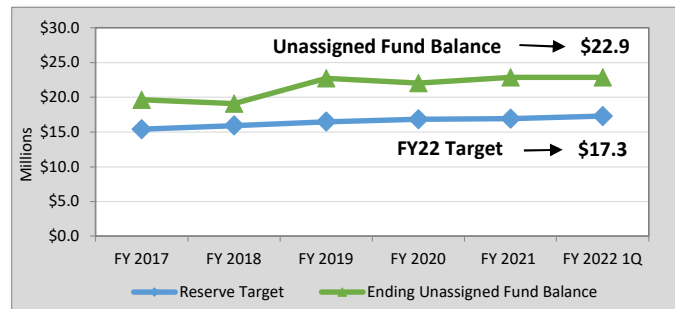
General Fund Summary

The first budget amendment of FY22 occurred in October (2Q) and is therefore not reflected in the tables shown in this report. That amendment allocated \$3.9 million of the city's \$9.6 million in ARPA funding for the purpose of covering delinquent water and sewer bills for city utility customers, and funding specific capital infrastructure needs in order to provide rate relief to city utility customers.

Programming has increased at most city facilities since the same time period last year, resulting in an increase in recreation revenue (Charges for Services category).

General Fund Unassigned Fund Balance

The 1Q FY22 unassigned fund balance equals \$22.9 million, or \$5.6 million above the FY22 reserve target of \$17.3 million. On October 25, 2021, the Mayor and Council adopted the first budget amendment of FY22, which included the use of \$1.2 million in unassigned reserves for the Maintenance and Emergency Operations Facility Improvements (GA19) CIP project, and \$66,000 toward the expansion of employee leave buyback, bringing the 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.

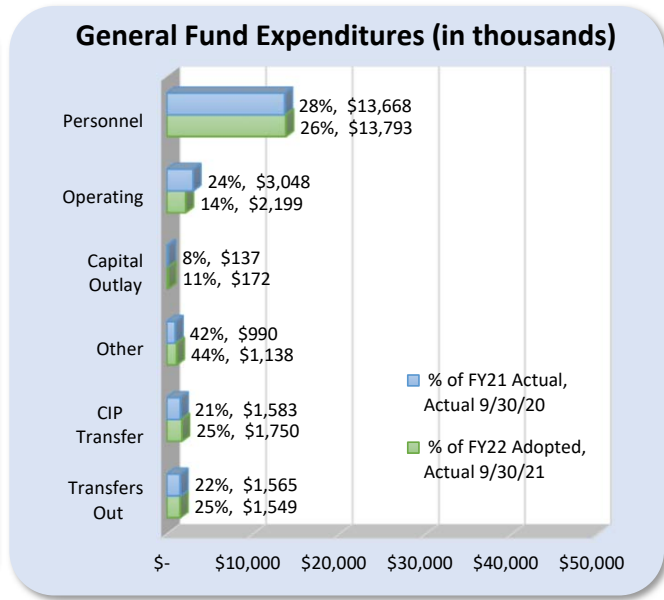
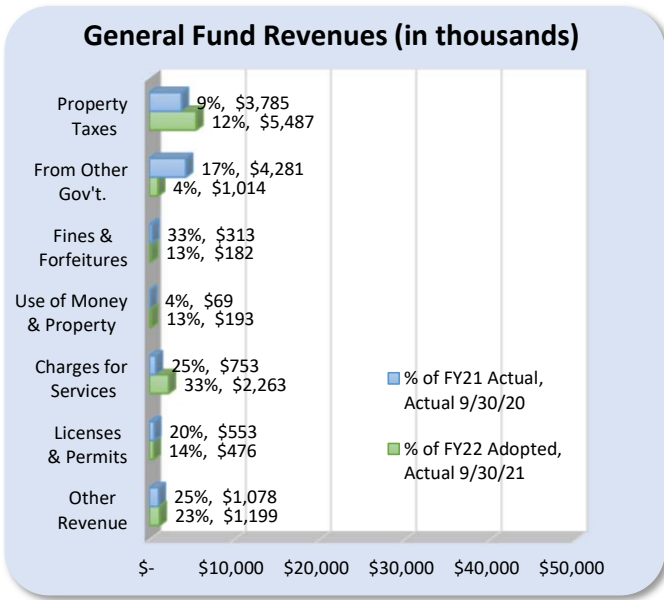
General Fund Contingency Usage through 1Q	Amount
Adopted FY22 General Fund Contingency	310,000
State of the City event costs	(7,000)
Fuel system replacement	(16,000)
FY22 Contingency Remaining (\$)*	287,000

*As of 12/3/21 an additional \$26,000 has been obligated to cover a temporary Graphics Specialist.

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	1Q Only	YTD FY22
Gross unspent funds from vacancies	804,680	804,680
Vacancy-related (costs)/savings	(536,923)	(536,923)
Net Unspent Funds	267,757	267,757
<i>Uses of Net Unspent Funds</i>		
No uses in 1Q FY22.	-	-
Net Unspent Funds Remaining (\$)	267,757	267,757



General Fund Revenues by Category

Property Taxes totaled \$5.5 million for 1Q, or 12% of the adopted target. The majority of property tax revenue is received in 2Q.

Revenue **From Other Governments** totaled \$1 million for 1Q, compared to \$4.3 million in FY21. This difference is due in part to the timing of payments (payments from the County and the State were not received as of the close of the 1Q while they were received in 1Q FY21), and in part to the total 1Q income tax receipts being less than the FY21 amount. Income tax for 1Q FY22 totaled \$1 million, compared to \$1.8 million in FY21. The FY21 1Q income tax receipts were higher than typical due to the filing extension granted by the state in 2020 as a result of the pandemic. This category was adjusted on the October budget amendment to account for the appropriation of \$3.9 million in ARPA funding, which will show on the 2Q report.

Revenue from **Fines & Forfeitures** totaled \$0.2 million for 1Q, compared to \$0.3 million in FY21. Redlight camera revenue has continued to decline despite the increase in travel in the region due to equipment malfunctions and construction that took one of the cameras offline for several months. Staff will monitor this revenue source and recommend a downward adjustment in a budget amendment later this fiscal year if needed.

Use of Money & Property revenue totaled \$0.2 million for 1Q, up from \$0.1 million in FY21 due to the timing of rental payments from the County for the use of 6 Taft Ct.

Charges for Services revenue totaled \$2.3 million through 1Q, compared with \$0.8 million in FY21. This category includes recreation revenues which have improved due to the increase in programming, admissions, and rentals compared to last year when activity was minimal due to the pandemic.

Licenses & Permits revenue totaled \$0.5 million, compared to \$0.6 million in FY21, with the bulk of the variance due to lower building permit revenue than the same time period last year.

Other Revenue totaled \$1.2 million in 1Q, compared to \$1.1 million in FY21 due to a modest increase in hotel tax revenue as travel has begun to resume.

General Fund Expenditures by Category

Personnel spending totaled \$13.8 million through 1Q, or 26% of the adopted personnel budget. Spending in 1Q tends to be the highest as the city's contributions to the pension and retiree healthcare are made in full in the 1Q.

Operating expenditures totaled \$2.2 million through 1Q, or 14% of the adopted operating budget. This category includes contractual services, utilities, and supplies, and payment timing can vary from year to year. For example, charges for property and liability insurance and for SWM fees for city facilities were all made in 1Q last year, but will happen in 2Q in FY22. These items totaled \$0.7 million in 1Q FY21.

Capital Outlay expenditures totaled \$172,000 through 1Q. 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 \$1.1 million through 1Q, or 44% of the total budget, similar to FY21.

The **CIP Transfer** totaled \$1.8 million through 1Q. This category is expended quarterly based on the amended budget. The remaining quarterly transfers will be higher due to the increase in the CIP transfer on the October budget amendment to add \$1.2 million to the MEO Facility Improvements (GA19) CIP project.

The **Transfers Out** category totaled \$1.5 million through 1Q. 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. The October budget amendment included a transfer of ARPA funds to the Water Fund, as well as increased transfers to the Special Activities Fund, so future quarters will be higher.

WATER FUND

	Current Year (in thousands)				Prior Year (in thousands)		
	FY22	FY22	Actual	%	Actual	Actual	%
	Adp.	Amd.	9/30/21	Amd.	6/30/21	9/30/20	Act.
Total Revenue (\$)	14,120	14,120	586	4%	13,284	1,756	13%
<i>Expenses</i>							
Personnel	3,988	3,988	1,039	26%	3,799	1,023	27%
Operating	2,378	2,378	361	15%	2,106	411	20%
Capital Outlay ¹	408	408	49	12%	196	33	17%
Admin/Other/Interest	5,945	5,945	267	4%	5,698	339	6%
Total Expenses (\$)	12,719	12,719	1,716	13%	11,798	1,806	15%

The city's utility rate 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 an average of 2.1% for FY23 and FY24.

SEWER FUND

	Current Year (in thousands)				Prior Year (in thousands)		
	FY22	FY22	Actual	%	Actual	Actual	%
	Adp.	Amd.	9/30/21	Amd.	6/30/21	9/30/20	Act.
Total Revenue (\$)	15,887	15,887	2,095	13%	16,505	1,754	11%
<i>Expenses</i>							
Personnel	2,045	2,045	531	26%	1,960	549	28%
Operating	3,995	3,995	131	3%	3,470	62	2%
Capital Outlay ¹	17	17	44	255%	5	5	100%
Admin/Other/Interest	7,512	7,512	143	2%	7,212	252	3%
Total Expenses (\$)	13,570	13,570	849	6%	12,648	868	7%

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 city's utility rate 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 an average of 2.1% for FY23 and FY24.

REFUSE FUND

	Current Year (in thousands)				Prior Year (in thousands)		
	FY22	FY22	Actual	%	Actual	Actual	%
	Adp.	Amd.	9/30/21	Amd.	6/30/21	9/30/20	Act.
Total Revenue (\$)	6,503	6,503	604	9%	6,320	562	9%
<i>Expenses</i>							
Personnel	3,278	3,278	746	23%	2,805	784	28%
Operating	2,221	2,221	370	17%	2,145	377	18%
Capital Outlay ¹	815	815	0	0%	590	0	0%
Admin/Other/Interest	1,686	1,686	283	17%	1,607	280	17%
Total Expenses (\$)	8,000	8,000	1,399	17%	7,148	1,441	20%

The city's refuse fee is collected through property tax bills, with the majority of the revenue being received in 2Q.

The city continues to struggle to fill refuse worker vacancies. As a result, a recruitment and retention incentive program will be implemented in late 2Q. Rising contractual costs and aging capital equipment remain a concern for this fund.

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)		
	FY22	FY22	Actual	%	Actual	Actual	%
	Adp.	Amd.	9/30/21	Amd.	6/30/21	9/30/20	Act.
Total Revenue (\$)	6,058	6,058	892	15%	5,471	813	15%
<i>Expenses</i>							
Personnel	2,750	2,750	717	26%	2,545	771	30%
Operating	848	848	58	7%	804	168	21%
Capital Outlay ¹	107	107	0	0%	80	0	0%
Admin/Other/Interest	1,956	1,956	194	10%	1,752	207	12%
Total Expenses (\$)	5,662	5,662	969	17%	5,181	1,145	22%

The city's SWM fee is collected through property tax bills, with the majority of the revenue being received in 2Q.

A large portion of SWM Fund spending occurs in the multi-year CIP.

PARKING FUND

	Current Year (in thousands)				Prior Year (in thousands)		
	FY22	FY22	Actual	%	Actual	Actual	%
	Adp.	Amd.	9/30/21	Amd.	6/30/21	9/30/20	Act.
Total Revenue (\$)	2,883	2,883	845	29%	2,926	743	25%
<i>Expenses</i>							
Personnel	309	309	70	23%	279	86	31%
Operating	275	275	3	1%	49	12	24%
Capital Outlay ¹	0	0	0	0%	0	0	0%
Admin/Other/Int.	1,021	1,021	22	2%	1,102	23	2%
Total Expenses (\$)	1,604	1,604	95	6%	1,430	120	8%

A General Fund transfer to the Parking Fund of \$375,000 was recognized in 1Q, compared to \$312,500 in FY21.

Parking meter and fine revenues have increased compared to FY21 as shopping, dining, and travel habits have adjusted in the direction of pre-pandemic activity. Additionally, changes were made to some parking fees during early FY22. Staff does not anticipate a significant revenue impact from these adjustments this fiscal year, but revenue increases may be factored in to future budgets as consumer habits return to pre-pandemic levels.

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.

1Q CIP Transfers	Amount (\$)	Fund	Reason for Transfer
There were no CIP transfers in 1Q FY22.			

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.