

## Second Quarter FY 2022 Financial Report

Category	Current Year (in thousands)				Prior Yr. (in thousands)		
	FY22 Adp.	FY22 Amd.	Actual 12/31/21	% Amd.	Actual 6/30/21	Actual 12/31/20	% Act.
<b>Revenue</b>							
Property Taxes	44,890	44,890	31,587	70%	44,327	30,936	70%
From Other Gov't.	23,326	27,392	10,983	40%	24,560	10,738	44%
Fines /Forfeitures	1,353	1,353	302	22%	948	545	57%
Use of Money/Property	1,459	1,459	471	32%	1,553	353	23%
Charges for Services	6,871	6,857	3,346	49%	2,996	1,242	41%
Licenses/Permits	3,452	3,452	1,179	34%	2,833	1,037	37%
Other Revenue	5,129	5,150	2,660	52%	4,380	2,570	59%
<b>Total Revenue (\$)</b>	<b>86,480</b>	<b>90,553</b>	<b>50,528</b>	<b>56%</b>	<b>81,597</b>	<b>47,420</b>	<b>58%</b>
<b>Expenditures</b>							
Personnel	53,592	53,732	26,329	49%	49,248	25,752	52%
Operating	15,466	17,462	6,850	39%	12,515	5,336	43%
Capital Outlay	1,578	2,195	607	28%	1,797	375	21%
Other	2,580	2,580	1,382	54%	2,372	1,365	58%
CIP Transfer	7,000	8,200	4,100	50%	7,507	3,159	42%
Transfers Out	6,195	8,912	4,456	50%	6,962	3,130	45%
<b>Total Expenditures (\$)</b>	<b>86,410</b>	<b>93,081</b>	<b>43,725</b>	<b>47%</b>	<b>80,401</b>	<b>39,117</b>	<b>49%</b>

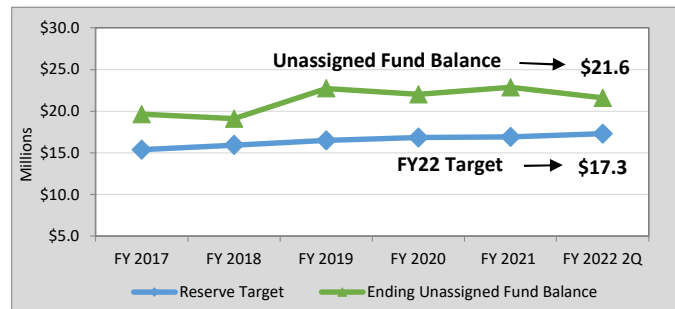
### General Fund Summary

Many General Fund revenues are moving toward pre-pandemic levels as vaccines, boosters, and testing are more widely available. While FY21 saw budget amendments recognizing revenue losses and program savings due to facility closures, staff does not anticipate amending the FY22 budget for such reasons.

The first half of FY22 included one budget amendment in October, which recognized a portion of the city's American Rescue Plan Act (ARPA) funds as directed by the Mayor and Council. The January budget amendment added an additional \$1.7 million in ARPA funding, which will show in the 3Q report.

### General Fund Unassigned Fund Balance

The FY22 estimated ending unassigned fund balance equals \$21.6 million, or \$4.3 million above the FY22 reserve target. The March budget amendment will recommend the use of \$401,000 in available reserves to fund one-time IT equipment replacement. If approved, that amendment will bring the reserve level above the target to \$3.9 million. Per the city's Financial Management Policies, the Mayor and Council may appropriate reserves available in excess of the target to fund one-time needs.



### 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 2Q	Amount
Adopted FY22 General Fund Contingency	310,000
State of the City event costs	(7,000)
Fuel system replacement	(16,000)
Graphics Specialist temporary worker	(26,000)
Contract to produce Recreation Guides	(32,400)
External audit	(10,330)
<b>FY22 Contingency Remaining (\$)*</b>	<b>218,270</b>

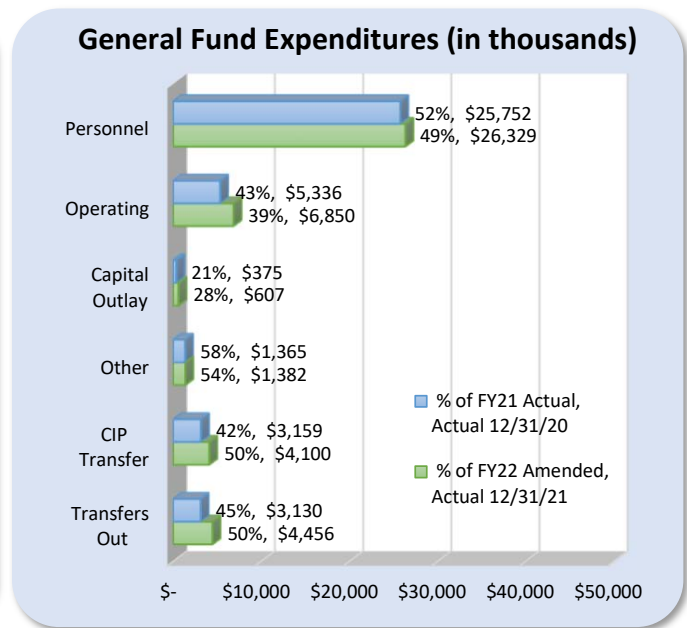
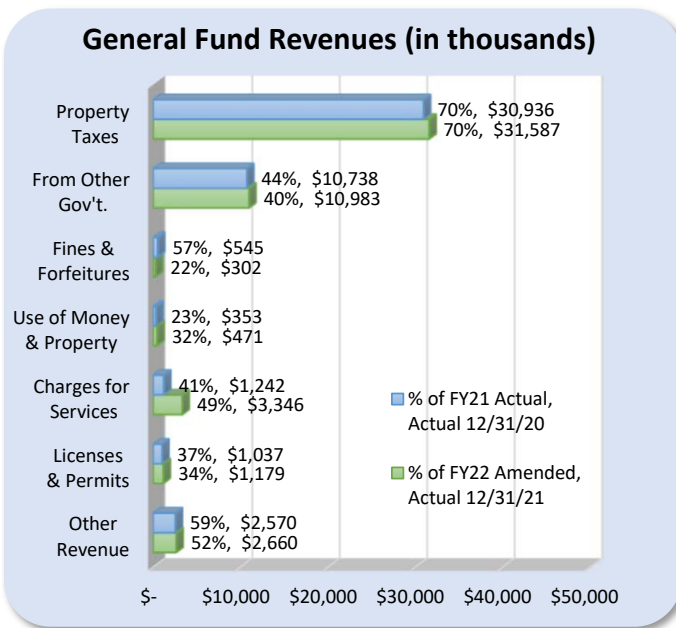
\*A portion of the remaining funds will be transferred to Public Works in 3Q to fund the development fiscal impact model.

### 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	2Q Only	YTD FY22
Gross unspent funds from vacancies	882,067	1,686,747
Vacancy-related (costs)/savings	(478,011)	(1,014,934)
<b>Net Unspent Funds</b>	<b>404,056</b>	<b>671,813</b>
<i>Uses of Net Unspent Funds</i>		
No uses in 2Q FY22.	-	-
<b>Net Unspent Funds Remaining (\$)*</b>	<b>404,056</b>	<b>671,813</b>

\*The Mayor and Council approved the use of unspent personnel funds for one-time premium pay during 3Q.



### General Fund Revenues by Category

**Property Taxes** totaled \$31.6 million for 2Q, or 70% of the target, consistent with FY21. The majority of property tax revenue is received in 2Q.

Revenue **From Other Governments** totaled \$11 million for 2Q, compared to \$10.7 million in FY21. Income tax through 2Q FY22 totaled \$6.2 million, compared to \$6.6 million in FY21, with the difference due to the first FY21 distribution being higher than typical due to the filing extension granted by the State in 2020. Admissions and amusement revenue continues to increase; FY22 receipts totaled \$221,956 through 2Q compared to \$72,878 through 2Q FY21. This category was adjusted on the October budget amendment to account for the appropriation of \$3.9 million in ARPA funding. The January budget amendment added an additional \$1.7 million in ARPA funding, which will show on the 3Q report.

Revenue from **Fines & Forfeitures** totaled \$0.3 million for 2Q, compared to \$0.5 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 likely recommend reducing this revenue source in the May budget amendment as the malfunctioning equipment is not expected to be replaced in FY22 due to contract issues.

**Use of Money & Property** revenue totaled \$0.5 million for 2Q, up from \$0.4 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 \$3.3 million through 2Q, compared with \$1.2 million in FY21. This category includes recreation and public works fees which have improved since last year when activity was minimal due to the pandemic.

**Licenses & Permits** revenue totaled \$1.2 million, compared to \$1 million in FY21. Building permit and rental license revenues are both higher to date in FY22. Building permit revenue receipts vary

depending on the timing and size of building projects. The majority of rental license revenue is received in the second half of the fiscal year.

**Other Revenue** totaled \$2.7 million in 2Q, compared to \$2.6 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 \$26.3 million through 2Q, or 49% of the amended personnel budget. Workers compensation insurance costs are lower to date in FY22 due to the change in provider and coverage. Regular wages are also lower compared to FY21 due to the higher than normal vacancy level.

**Operating** expenditures totaled \$6.9 million through 2Q, or 39% of the amended operating budget. This category includes contractual services, utilities, and supplies. The payment for the ARPA-funded forgiveness of delinquent city water and sewer bills is included in this category totaling just under \$1 million.

**Capital Outlay** expenditures totaled \$0.6 million through 2Q. 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 \$1.4 million for 2Q, similar to FY21.

The **CIP Transfer** totaled \$4.1 million through 2Q. This category is expended quarterly based on the amended budget. This transfer was increased on the October budget amendment to add \$1.2 million to the Maintenance and Emergency Operations Facility Improvements (GA19) CIP project.

The **Transfers Out** category totaled \$4.5 million through 2Q. 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 amended budget includes transfers of ARPA funds to the Water Fund.

WATER FUND	Current Year (in thousands)				Prior Year (in thousands)		
	FY22	FY22	Actual	%	Actual	Actual	%
	Adp.	Amd.	12/31/21	Amd.	6/30/21	12/31/20	Act.
<b>Total Revenue (\$)</b>	<b>14,120</b>	<b>14,120</b>	<b>6,646</b>	<b>47%</b>	<b>13,284</b>	<b>5,591</b>	<b>42%</b>
<i>Expenses</i>							
Personnel	3,988	3,988	2,000	50%	3,799	1,924	51%
Operating	2,378	2,434	838	34%	2,106	903	43%
Capital Outlay <sup>1</sup>	408	554	72	13%	196	62	32%
Admin/Other/Interest	5,945	5,945	1,085	18%	5,698	947	17%
<b>Total Expenses (\$)</b>	<b>12,719</b>	<b>12,921</b>	<b>3,995</b>	<b>31%</b>	<b>11,798</b>	<b>3,836</b>	<b>33%</b>

The Mayor and Council adopted a new water rate structure based on property classification that went into effect on January 1, 2022. The new rate structure more equitably generates revenues based on the cost of providing water service to the actual users of the service.

SEWER FUND	Current Year (in thousands)				Prior Year (in thousands)		
	FY22	FY22	Actual	%	Actual	Actual	%
	Adp.	Amd.	12/31/21	Amd.	6/30/21	12/31/20	Act.
<b>Total Revenue (\$)</b>	<b>15,887</b>	<b>15,887</b>	<b>6,508</b>	<b>41%</b>	<b>16,505</b>	<b>7,365</b>	<b>45%</b>
<i>Expenses</i>							
Personnel	2,045	2,045	987	48%	1,960	992	51%
Operating	3,995	4,039	1,134	28%	3,470	1,742	50%
Capital Outlay <sup>1</sup>	17	326	300	92%	5	5	100%
Admin/Other/Interest	7,512	7,512	981	13%	7,212	914	13%
<b>Total Expenses (\$)</b>	<b>13,570</b>	<b>13,922</b>	<b>3,401</b>	<b>24%</b>	<b>12,648</b>	<b>3,653</b>	<b>29%</b>

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 Mayor and Council adopted a new sewer rate structure based on property classification that went into effect on January 1, 2022. The new rate structure more equitably generates revenues based on the cost of providing sewer service to the actual users of the service.

REFUSE FUND	Current Year (in thousands)				Prior Year (in thousands)		
	FY22	FY22	Actual	%	Actual	Actual	%
	Adp.	Amd.	12/31/21	Amd.	6/30/21	12/31/20	Act.
<b>Total Revenue (\$)</b>	<b>6,503</b>	<b>6,503</b>	<b>3,789</b>	<b>58%</b>	<b>6,320</b>	<b>3,693</b>	<b>58%</b>
<i>Expenses</i>							
Personnel	3,278	3,278	1,453	44%	2,805	1,458	52%
Operating	2,221	2,228	873	39%	2,145	862	40%
Capital Outlay <sup>1</sup>	815	972	101	10%	590	81	14%
Admin/Other/Interest	1,686	1,686	576	34%	1,607	570	35%
<b>Total Expenses (\$)</b>	<b>8,000</b>	<b>8,164</b>	<b>3,003</b>	<b>37%</b>	<b>7,148</b>	<b>2,971</b>	<b>42%</b>

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

The city implemented a recruitment and retention program in late 2Q in response to difficulty filling and retaining refuse worker positions. Rising contractual costs and aging capital equipment remain a concern for this fund.

<sup>1</sup>Capital 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.	12/31/21	Amd.	6/30/21	12/31/20	Act.
<b>Total Revenue (\$)</b>	<b>6,058</b>	<b>6,058</b>	<b>4,630</b>	<b>76%</b>	<b>5,471</b>	<b>4,177</b>	<b>76%</b>
<i>Expenses</i>							
Personnel	2,750	2,750	1,354	49%	2,545	1,346	53%
Operating	848	1,094	554	51%	804	292	36%
Capital Outlay <sup>1</sup>	107	116	9	8%	80	80	100%
Admin/Other/Interest	1,956	1,956	398	20%	1,752	412	23%
<b>Total Expenses (\$)</b>	<b>5,662</b>	<b>5,917</b>	<b>2,315</b>	<b>39%</b>	<b>5,181</b>	<b>2,129</b>	<b>41%</b>

The city's stormwater management (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.	12/31/21	Amd.	6/30/21	12/31/20	Act.
<b>Total Revenue (\$)</b>	<b>2,883</b>	<b>2,883</b>	<b>1,518</b>	<b>53%</b>	<b>2,926</b>	<b>1,326</b>	<b>45%</b>
<i>Expenses</i>							
Personnel	309	309	139	45%	279	160	57%
Operating	275	275	32	12%	49	19	39%
Capital Outlay <sup>1</sup>	0	0	0	0%	0	0	0%
Admin/Other/Int.	1,021	1,021	362	36%	1,102	452	41%
<b>Total Expenses (\$)</b>	<b>1,604</b>	<b>1,604</b>	<b>533</b>	<b>33%</b>	<b>1,430</b>	<b>631</b>	<b>44%</b>

General Fund transfers to the Parking Fund totaling \$750,000 have been recognized through 2Q, compared to \$625,000 in FY21.

Parking meter and fine revenues continued to increase in 2Q compared to FY21 as shopping, dining, and travel habits have adjusted in the direction of pre-pandemic activity.

The operating budget includes funding to replace approximately 300 parking meters with smart meter technology. The installation of these meters will take place in Summer 2022.

### 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.

2Q CIP Transfers	Amount (\$)	Fund	Reason for Transfer
Pedestrian Safety (4B71)	(222,598)	Special Act.	Unobligated funding from older project (4B71) was transferred to newer project (TD21) to allow older project to close at the end of FY22.
	(34,119)	Speed Camera	
	(228,141)	Capital Projects	
Pedestrian Safety: FY21-FY25 (TD21)	222,598	Special Act.	Unobligated funding from older project (TF16) was transferred to newer project (TE21) to allow older project to close at the end of FY22.
	34,119	Speed Camera	
	228,141	Capital Projects	
Sidewalks: FY16-FY20 (TF16)	(101,498)	Special Act.	Funds available due to work reprioritization and minor repairs.
	(90,158)	Capital Projects	
Sidewalks: FY21-FY25 (TE21)	101,498	Special Act.	Additional funds needed due to inflationary cost increases.
	90,158	Capital Projects	
Bridge Rehabilitation (TB21)	(128,000)	Capital Projects	
Pervious Parking Lot Replacement (RB19)	128,000		

<sup>1</sup>Capital 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.