

## Fourth Quarter FY 2022 Financial Report

Note: Figures are unaudited and subject to final adjustments.

Category	Current Year (in thousands)				Prior Yr. (in thousands)		
	FY22 Adp.	FY22 Amd.	Actual 6/30/22	% Amd.	FY21 Amd.	Actual 6/30/21	% Act.
<b>Revenue</b>							
Property Taxes	44,890	44,890	44,849	100%	43,648	44,327	102%
From Other Gov't.	23,326	33,653	29,939	89%	22,506	24,560	109%
Fines /Forfeitures	1,353	563	512	91%	983	948	96%
Use of Money/Property	1,459	1,459	775	53%	1,804	1,553	86%
Charges for Services	6,871	7,017	6,250	89%	4,305	2,996	70%
Licenses/Permits	3,452	3,452	3,480	101%	3,411	2,833	83%
Other Revenue	5,129	5,150	5,779	112%	6,344	4,380	69%
<b>Total Revenue (\$)</b>	<b>86,480</b>	<b>96,184</b>	<b>91,585</b>	<b>95%</b>	<b>83,000</b>	<b>81,597</b>	<b>98%</b>
<b>Expenditures</b>							
Personnel	53,592	53,825	51,172	95%	51,018	49,248	97%
Operating	15,466	17,090	14,594	85%	14,336	12,515	87%
Capital Outlay	1,578	2,596	2,274	88%	2,044	1,797	88%
Other	2,580	2,580	2,514	97%	2,474	2,372	96%
CIP Transfer	7,000	12,870	10,220	79%	7,507	7,507	100%
Transfers Out	6,195	9,745	6,252	64%	6,962	6,962	100%
<b>Total Expenditures (\$)</b>	<b>86,410</b>	<b>98,706</b>	<b>87,026</b>	<b>88%</b>	<b>84,341</b>	<b>80,401</b>	<b>95%</b>

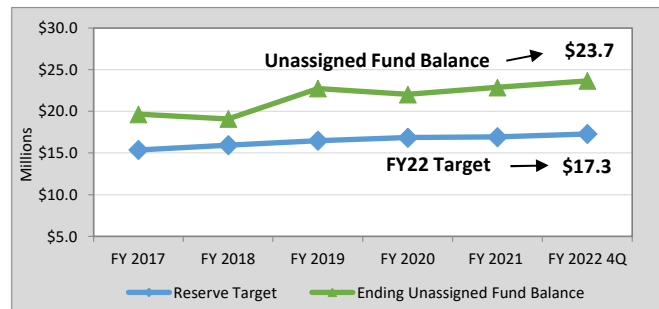
### General Fund Summary

General Fund revenues in total recovered nicely in FY22 from their pandemic low-points, exceeding the prior year's total by \$10 million. Recreation programming fees, licensing and permit revenue, admissions and amusement tax, and hotel tax all saw strong gains as pandemic-related restrictions eased and activities resumed. Income tax revenue ended the year with its highest total to date at \$18.9 million.

During FY22 the Mayor and Council allocated a total of \$7.1 million in American Rescue Plan Act (ARPA) funds for the forgiveness of delinquent city utility bills and several CIP projects. Just over \$2 million in ARPA funds remain for allocation.

### General Fund Unassigned Fund Balance

The FY22 estimated ending unassigned fund balance equals \$23.7 million, or \$5 million above the FY23 target of \$18.7 million. Staff recommends utilizing \$1.4 million of this balance to fund the projected need in the Maintenance and Emergency Operations Facility Improvements (GD19) CIP project. This use, if approved on the October budget amendment, would leave \$3.6 million available above the FY23 reserve target. Per the City's Financial Management Policies, these funds can be used for one-time needs, and have historically been used to support the City's Capital Improvements Program.



### 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.

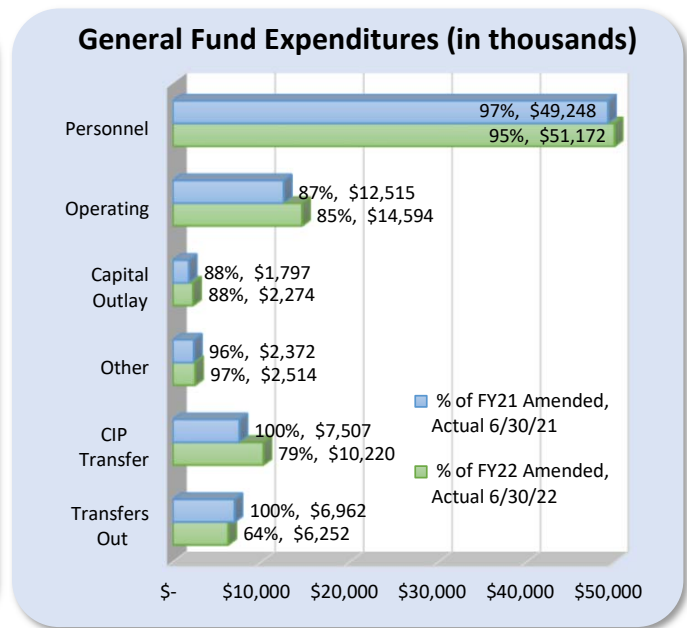
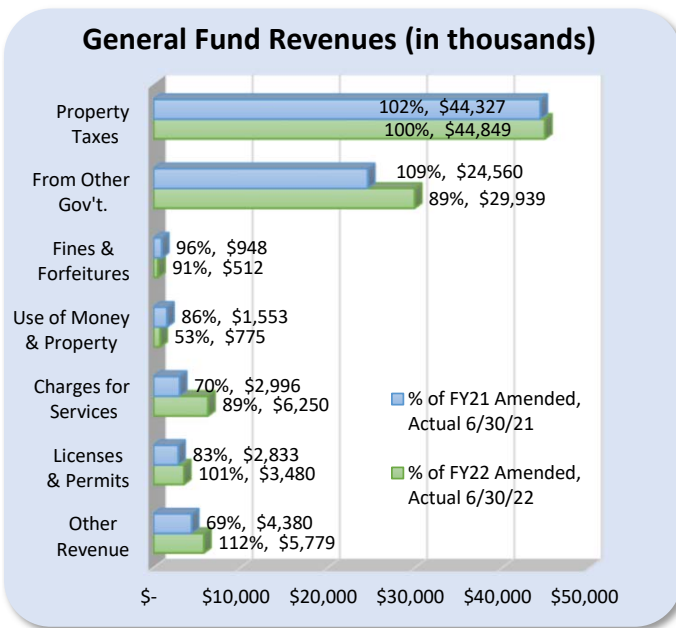
General Fund Contingency Usage through 4Q	Amount
Adopted FY22 General Fund Contingency	310,000
State of the City event costs	(7,000)
Fuel system replacement	(16,000)
Graphics Specialist temporary worker	(26,000)
Contract to produce Recreation Guides	(32,400)
External audit	(10,330)
Paver	(141,155)
Development fiscal impact analysis	(32,000)
AED equipment	(31,700)
Juneteenth Celebration	(10,000)
<b>FY22 Contingency Remaining (\$)</b>	<b>3,415</b>

### 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 FY22
Gross unspent funds from vacancies	885,802	3,535,161
Vacancy-related (costs)/savings	(126,238)	(1,609,627)
<b>Net Unspent Funds</b>	<b>759,564</b>	<b>1,925,534</b>
<i>Uses of Net Unspent Funds</i>		
Premium pay*	-	(401,852)
Snow & Ice Needs	-	(55,100)
<b>Net Unspent Funds Remaining (\$)*</b>	<b>759,564</b>	<b>1,468,582</b>

\*Premium pay across all funds totaled \$513,981, inclusive of related benefits. The non-General Fund portion was paid through contingency from the fund to which it was assigned.



### General Fund Revenues by Category

**Property Taxes** totaled \$44.8 million, or 100% of the target.

Revenue **From Other Governments** totaled \$29.9 million, or 89% of the amended target. Income tax ended the year at \$18.9 million, exceeding the prior year's total by \$2.2 million. Admissions and amusement revenue, which has slowly returned as pandemic restrictions have eased, ended the year at \$555,400. This category was adjusted on several budget amendments during the year to account for the appropriation of \$7.1 million in ARPA funding. Staff have since determined it would be most transparent to document ARPA revenue in the benefitting fund; therefore, actual General Fund ARPA revenue for FY22 totals just under \$1 million, with the remainder being recognized in the appropriate funds.

Revenue from **Fines & Forfeitures** totaled \$0.5 million, or 91% of the amended target. The May budget amendment included a reduction in redlight camera revenue, which makes up the majority of this category, due to equipment malfunctions and construction. The city awarded into a new contract that will include replacement of the outdated equipment on August 1, 2022.

**Use of Money & Property** revenue totaled \$0.8 million, or 53% of the amended target due to investment losses.

**Charges for Services** revenue totaled \$6.3 million, or 89% of the amended target. This category includes recreation program and membership fees which have improved since last year when activity was minimal due to the pandemic.

**Licenses & Permits** revenue totaled \$3.5 million, or 101% of the amended target. Building permit and rental license revenues make up the majority of this category.

**Other Revenue** totaled \$5.8 million, or 112% of the amended target. This category includes hotel tax revenue, which has improved since the pandemic, ending the year at just over \$642,000. This category also includes recognition of just over \$435,000 in lease revenue in conjunction with the implementation of GASB statement number 87.

### General Fund Expenditures by Category

**Personnel** spending totaled \$51.2 million, or 95% of the amended budget. Unspent funding from vacant positions was much higher in FY22 than in previous years due to a higher vacancy level.

**Operating** expenditures totaled \$14.6 million, or 85% of the amended budget. Just over \$1 million in unspent funding will be re-appropriated in FY23 for outstanding purchase orders and planned contracts.

**Capital Outlay** expenditures totaled \$2.3 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. This category also includes just over \$435,000 in lease expenditures recorded in conjunction with the implementation of GASB statement number 87. Just over \$943,000 in funds encumbered on purchase orders will be re-appropriated in FY23.

**Other** expenditures totaled \$2.5 million, or 97% of the amended budget. This category includes funding for outside and caregiver agencies.

The **CIP Transfer** totaled \$10.2 million, or 79% of the amended budget. This category is expended quarterly based on the amended budget. The apparent unspent portion of this category is due to the decision to record ARPA revenue directly to the benefitting fund rather than routing through the General Fund and being transferred out.

The **Transfers Out** category totaled \$6.3 million, or 64% of the amended budget. This category includes transfers to the Parking, Debt Service, Refuse (for RHE refuse bills), and Special Activities funds. The apparent unspent portion of this category is due to the decision to record ARPA revenue directly to the benefitting fund rather than routing through the General Fund and being transferred out.

**WATER FUND**

	Current Year (in thousands)				Prior Year (in thousands)		
	FY22	FY22	Actual	%	FY21	Actual	%
	Adp.	Amd.	6/30/22	Amd.	Amd.	6/30/21	Act.
<b>Total Revenue (\$)</b>	<b>14,120</b>	<b>14,120</b>	<b>12,588</b>	<b>89%</b>	<b>14,565</b>	<b>13,284</b>	<b>91%</b>
<i>Expenses</i>							
Personnel	3,988	3,988	3,841	96%	3,903	3,799	97%
Operating	2,378	2,434	2,044	84%	2,546	2,106	83%
Capital Outlay <sup>1</sup>	408	421	218	52%	380	196	52%
Admin/Other/Interest	5,945	5,945	5,892	99%	5,843	5,698	98%
<b>Total Expenses (\$)</b>	<b>12,719</b>	<b>12,788</b>	<b>11,994</b>	<b>94%</b>	<b>12,672</b>	<b>11,798</b>	<b>93%</b>

Usage decreased by approximately 9% compared to FY21, resulting in a decrease in revenue.

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	%	FY21	Actual	%
	Adp.	Amd.	6/30/22	Amd.	Amd.	6/30/21	Act.
<b>Total Revenue (\$)</b>	<b>15,887</b>	<b>15,925</b>	<b>14,689</b>	<b>92%</b>	<b>16,022</b>	<b>16,505</b>	<b>103%</b>
<i>Expenses</i>							
Personnel	2,045	2,045	1,887	92%	1,950	1,960	101%
Operating	3,995	4,077	3,746	92%	3,988	3,470	87%
Capital Outlay <sup>1</sup>	17	326	317	97%	373	5	1%
Admin/Other/Interest	7,512	7,512	7,431	99%	7,517	7,212	96%
<b>Total Expenses (\$)</b>	<b>13,570</b>	<b>13,961</b>	<b>13,381</b>	<b>96%</b>	<b>13,828</b>	<b>12,648</b>	<b>91%</b>

Usage decreased by approximately 9% compared to FY21, resulting in a decrease in revenue.

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	%	FY21	Actual	%
	Adp.	Amd.	6/30/22	Amd.	Amd.	6/30/21	Act.
<b>Total Revenue (\$)</b>	<b>6,503</b>	<b>6,503</b>	<b>6,617</b>	<b>102%</b>	<b>6,216</b>	<b>6,320</b>	<b>102%</b>
<i>Expenses</i>							
Personnel	3,278	3,278	2,916	89%	3,235	2,805	87%
Operating	2,221	2,228	2,188	98%	2,046	2,145	105%
Capital Outlay <sup>1</sup>	815	972	308	32%	772	590	76%
Admin/Other/Interest	1,686	1,686	1,549	92%	1,660	1,607	97%
<b>Total Expenses (\$)</b>	<b>8,000</b>	<b>8,164</b>	<b>6,961</b>	<b>85%</b>	<b>7,713</b>	<b>7,148</b>	<b>93%</b>

The city's refuse fee is collected through property tax bills and is the only significant source of income for the fund.

The city implemented a recruitment and retention program in late 2Q in response to difficulty filling and retaining refuse worker positions. While the city has made some progress in decreasing the number of vacancies, staffing remains a challenge across the industry.

<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	%	FY21	Actual	%
	Adp.	Amd.	6/30/22	Amd.	Amd.	6/30/21	Act.
<b>Total Revenue (\$)</b>	<b>6,058</b>	<b>6,058</b>	<b>6,076</b>	<b>100%</b>	<b>6,133</b>	<b>5,471</b>	<b>89%</b>
<i>Expenses</i>							
Personnel	2,750	2,750	2,578	94%	2,681	2,545	95%
Operating	848	1,094	877	80%	902	804	89%
Capital Outlay <sup>1</sup>	107	116	128	110%	94	80	85%
Admin/Other/Interest	1,956	1,956	1,835	94%	1,830	1,752	96%
<b>Total Expenses (\$)</b>	<b>5,662</b>	<b>5,917</b>	<b>5,418</b>	<b>92%</b>	<b>5,506</b>	<b>5,181</b>	<b>94%</b>

The city's stormwater management (SWM) fee is collected through property tax bills. While the utility rate remained flat from FY21 to FY22, total revenue increased due to the uptick in permit fees paid tied to development activity.

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	%	FY21	Actual	%
	Adp.	Amd.	6/30/22	Amd.	Amd.	6/30/21	Act.
<b>Total Revenue (\$)</b>	<b>2,883</b>	<b>2,883</b>	<b>2,991</b>	<b>104%</b>	<b>2,891</b>	<b>2,926</b>	<b>101%</b>
<i>Expenses</i>							
Personnel	309	309	277	90%	307	279	91%
Operating	275	275	225	82%	99	49	50%
Capital Outlay <sup>1</sup>	0	0	0	0%	0	0	0%
Admin/Other/Int.	1,021	1,021	1,032	101%	1,178	1,102	94%
<b>Total Expenses (\$)</b>	<b>1,604</b>	<b>1,604</b>	<b>1,535</b>	<b>96%</b>	<b>1,584</b>	<b>1,430</b>	<b>90%</b>

General Fund transfers to the Parking Fund total \$1.5 million for FY22.

Parking meter and fine revenues increased by 67% compared to FY21 as shopping, dining, and travel habits have adjusted in the direction of pre-pandemic activity.

Operating expenses include the purchase of equipment to replace approximately 300 parking meters with smart meter technology.

### 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
Water Main Rehab & Improvement (UD21)	(377)	Water	Administrative transfer needed to support final payment
WTP Raw Water Infrastructure Protection (UA19)	377		
Storm Drain Rehab & Improvement (SA21)	(1,865)	SWM	Administrative transfer needed to support budget adjustment
Stream Restoration: Croydon Creek/Calvin Park Tributary (SB16)	1,865		
Traffic Signal Upgrades (TG21)	(220,000)	Capital Projects	Funds available due to favorable pricing and unspent contingency
Asphalt Repair & Replacement (TA21)	220,000		Funding needed to resurface road sections impacted by TC Road Diet project
Filter Media Replacement (UB18)	(300,000)	Water	Funding available due to projects closing
WTP Raw Water Infrastructure Protection (UA19)	(100,000)		
WTP Electrical, Roof, HVAC Upgrades (UA17)	400,000		

<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.