

CITY COUNCIL AGENDA ITEM COVER SHEET

Meeting Date: November 8, 2021

To: Honorable Mayor and Members of the City Council

From: Will Norris, Finance Director

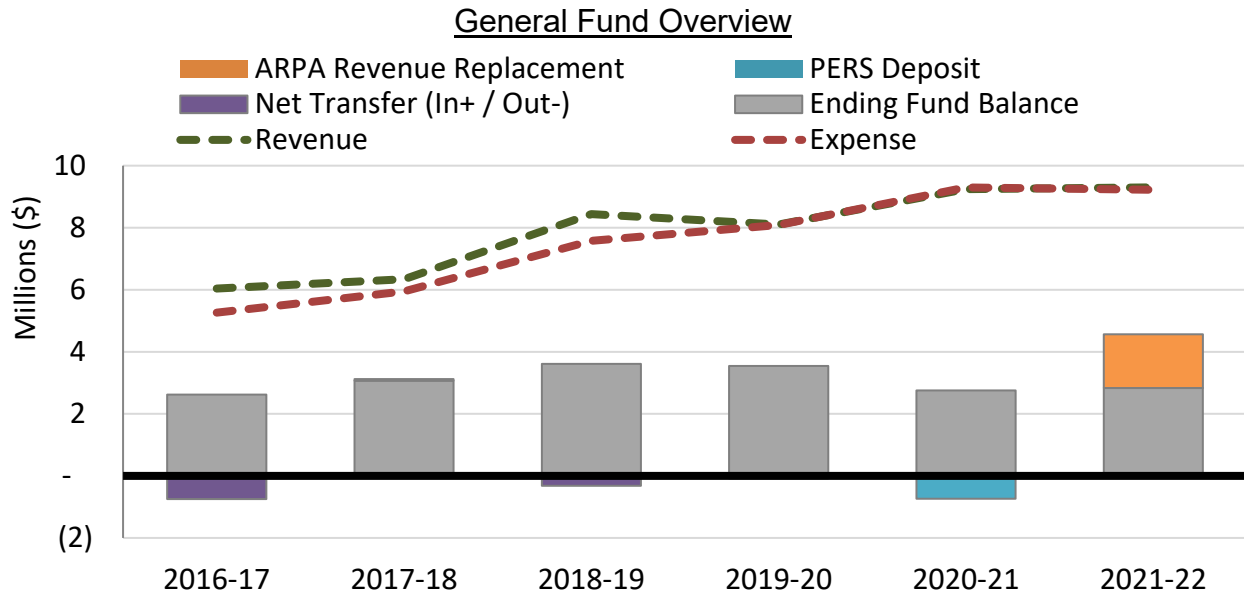
Subject: Q1 Financial Performance Report

Background:

The First Quarter (Q1) Financial Report includes three months of financial data through 25% of the fiscal year. The attached report provides full-year estimates-to-close based on historical financial patterns, knowledge of upcoming expenditures, and actual spending and revenue received through September 30, 2021.

Discussion:

The City’s financial health is recovering well after COVID-19 substantially and negatively impacted City revenues. The City’s estimate of total revenue loss due to the pandemic is \$1.83M. This amount has been almost completely offset by American Rescue Plan Act (ARPA) relief funds. The FY2021-22 ending fund balance is projected to reach \$4.56M with the addition of these one-time dollars. Absent the ARPA relief monies, the City would be on track for a stable General Fund ending balance for FY2021-22 after experiencing a significant fund balance decline in FY2020-21.



General Fund Revenues

General Fund Revenues have generally recovered well, but the recovery has not been even across all sources. The City’s second largest discretionary revenue source, lodging taxes, fully recovered and even returned to strong growth beginning last spring and

continuing through the summer months. The COVID-19 Delta variant hampered lodging tax growth in the most recent months. However, lodging taxes continue to show modest gains even as compared to pre-pandemic receipts. Parking meter receipts have also recovered, but their return to normal was far more delayed and it remains unclear if strong meter receipts will continue through the winter months. Municipal Court continues to see significant softness, having barely moved from pandemic lows. Oregon's recent drug decriminalization and prohibition on license suspensions for nonpayment of traffic fines likely means permanently lowered court revenues. The ARPA relief monies are projected to be well over budgeted estimates due only to payment timing. ARPA deposits to local governments come in two tranches. The first of which was originally anticipated for June of FY2020-21 but was received in July.

General Fund Expenses

General Fund expenditures are estimated to decrease from \$10.0M in FY2020-21 to \$9.2M in the current Fiscal Year. This is due primarily to one time FY2020-21 expenses associated with the CARES Act (\$300K), PERS Side Account Deposit (\$740K), and compensated absence buyouts from the recently negotiated Fire Union collective bargaining agreement (\$350K). After removing these onetime expenses, General Fund expenditures are on track to increase \$590K or about 7% year over year.

The Police Department is trending about 6% below budget due in part to staffing challenges. The Parks Department is trending significantly below budget but only due to the expectation that the Tsuruta Court rehabilitation project will not occur in this year.

The Q1 General Fund Expenditure estimates includes a significant contingency set aside of \$185,000. This is intended to account for the added uncertainty as the City comes out of the COVID-19 pandemic. Absent a new variant or another unanticipated shock to the local economy, this contingency amount represents potential upside for future quarterly financial report projections.

Other Major Revenues

Fortunately, COVID-19 did not significantly impact Water, Sewer, or Stormwater revenues. On the contrary, relief aid may have resulted in increased payments on outstanding balances. For FY2021-22, utility revenues are trending between 2%-4.5% over budget. This may be due to the inherent unpredictability associated with the first year after significant billing methodology changes. It may also be associated with the hotter than average summer in 2021.

Staff Recommendation:

Receive and file quarterly financial report for the period ending September 30, 2021.

Attachments

Quarterly Financial Report for the period ending September 30, 2021

GENERAL FUND REVENUE SUMMARY, through September (25% of Fiscal Year)						Fiscal Year 2020-21	
Resources	Budget	Actual Through Sept. 2021	Year End Estimate	Year End Estimate Over / (Under) Budget	Percent of Budget Received thru Sept. 2021	Revenue thru Sept. 2020	Year-End Actual
Taxes							
Current Property Tax	2,854,901	-	2,854,901	-	0%	-	3,084,330
Previously Levied Tax	65,819	56,604	134,372	68,553	86%	33,076	108,202
Transient Room Tax	1,488,942	518,362	1,850,636	361,694	35%	354,828	1,494,042
Local Marijuana Tax	133,787	37,281	133,787	-	28%	43,702	169,396
All Other	10,500	3,162	13,943	3,443	30%	907	8,654
Licenses & Permits							
Franchise Fees	771,409	123,779	815,876	44,467	16%	85,227	723,419
Utility Fees	551,349	188,494	682,480	131,131	34%	176,780	719,413
Parking Meter Receipts	526,158	216,262	619,590	93,432	41%	131,120	437,012
All Other	134,181	80,866	184,261	50,080	60%	46,185	127,706
Fines & Forfeitures							
Parking Fines	178,319	50,073	113,511	(64,808)	28%	47,025	143,618
Municipal Court Revenue	183,972	55,257	160,362	(23,610)	30%	55,669	137,713
All Other	23,988	5,613	20,933	(3,055)	23%	7,951	25,611
Intergovernmental							
Fed. COVID19 Relief	795,054	865,872	1,731,744	936,690	109%	136,256	202,241
State Liquor Tax	166,882	29,302	196,612	29,730	18%	27,078	164,041
All Other	140,005	37,152	143,317	3,312	27%	46,960	167,716
Charges for Services							
Ambulance Revenues	885,000	222,067	896,936	11,936	25%	226,214	982,367
GEMT	43,000	-	43,000	-	0%	83,016	133,988
All Other	211,404	83,770	289,508	78,104	40%	49,188	263,208
Interest Earnings	21,600	5,306	22,019	419	25%	6,239	26,079
Misc. Revenues	111,182	89,234	124,887	13,705	80%	40,508	125,345
REVENUE TOTAL	9,297,452	2,668,455	11,032,675	1,735,223	29%	1,597,927	9,244,100

GENERAL FUND EXPENDITURE SUMMARY, through September (25% of Fiscal Year)						Fiscal Year 2020-21	
Department	Budget	Actual Through Sept. 2021	Year End Estimate	Year End Estimate Over / (Under) Budget	Percent of Budget Expended thru Sept. 2021	Expenses thru Sept. 2020	Year-End Actual
Fire / EMS	4,057,187	969,116	3,958,353	(98,834)	24%	925,674	4,210,270
Police	2,823,423	714,589	2,666,171	(157,252)	25%	681,710	2,475,315
Parks	738,988	141,479	610,153	(128,835)	19%	111,428	582,488
Planning	666,685	128,460	572,521	(94,164)	19%	131,943	640,572
Parking	529,686	130,981	515,296	(14,390)	25%	119,897	512,384
Engineering	287,768	34,130	294,959	7,191	12%	40,168	329,717
Municipal Court	147,851	24,635	136,619	(11,232)	17%	29,766	122,185
City Council	23,806	21,453	40,478	16,672	90%	1,756	20,774
<i>Sub-total Department Expenditures</i>	<i>9,275,394</i>	<i>2,164,844</i>	<i>8,794,551</i>	<i>(480,843)</i>	<i>23%</i>	<i>2,042,342</i>	<i>8,893,704</i>
Non-Departmental							
Personnel	-	-	-	-	-	-	1,187
Materials & Services	321,200	20,164	242,498	(78,702)	6%	159,848	403,299
Contingency	259,197	-	185,000	(74,197)	0%	-	-
One-time FY2020-21 Transactions							
PERS Side Account Deposit	-	-	-	-	-	736,601	736,601
TOTAL	9,855,791	2,185,009	9,222,049	(633,742)	22%	2,938,791	10,034,792

FY2021/22 Beginning Bal. **2,753,785**
 Proj. Change in Fund Bal. **1,810,626**
 Proj. FY2021/22 Ending Bal. **4,564,411**

Pooled Cash & Investments
(All Funds, Including URA)
 Sept. 2021 24,707,024
 Sept. 2022 27,892,050

OTHER MAJOR REVENUE SOURCES SUMMARY, through September (25% of Fiscal Year)						Fiscal Year 2020-21	
Revenue	Budget	Actual Through Sept. 2021	Year End Estimate	Year End Estimate Over / (Under) Budget	Percent of Budget Received thru Sept. 2021	Revenues thru Sept. 2020	Year-End Actual
Gas Tax - Local	349,593	69,317	351,119	1,526	20%	63,177	337,897
Gas Tax - State	649,570	109,992	676,417	26,847	17%	81,576	629,282
Utility Charges							
Water	3,054,404	999,606	3,132,435	78,031	33%	953,981	2,958,085
Sewer	4,245,201	1,164,895	4,427,650	182,449	27%	1,103,579	4,197,829
Storm	576,809	148,235	589,610	12,801	26%	141,847	566,560