

CITY COUNCIL AGENDA ITEM COVER SHEET

Meeting Date: January 24, 2022

To: Honorable Mayor and Members of the City Council

From: Will Norris, Finance Dir. / Asst. City Manager

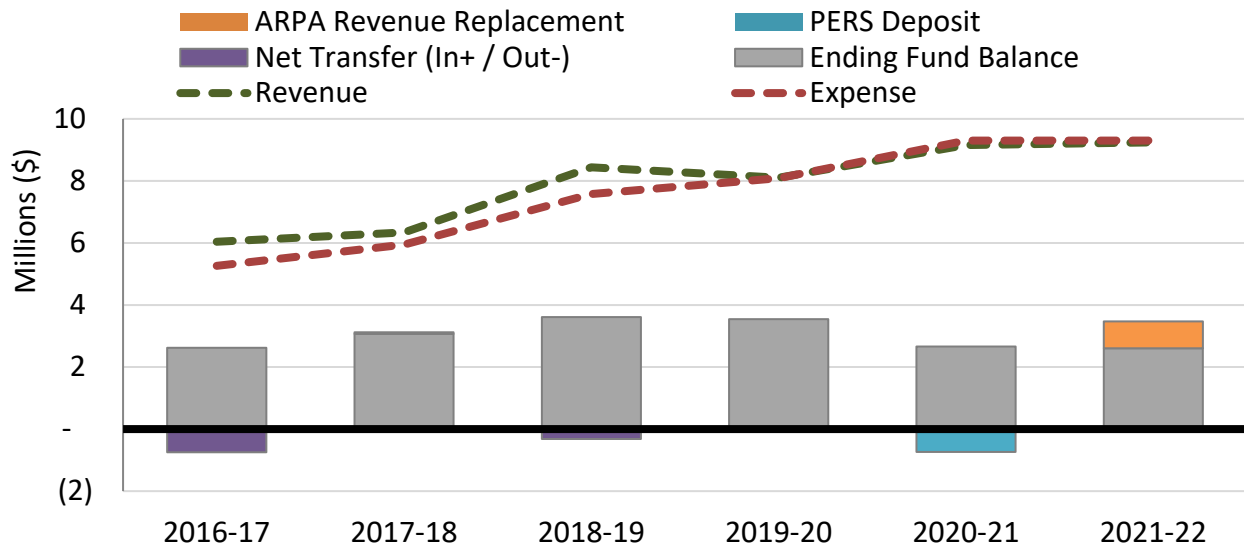
Subject: FY2021-22 2nd Quarter Financial Performance Report

Background:

The 2nd Quarter (Q2) Financial Report includes six months of financial data through one half of the 2021-22 Fiscal Year (FY). The attached report includes full-year estimates-to-close based on historical spending patterns and staff knowledge of upcoming expenditures. The attached projections are staff’s best projections given financial data through December 31, 2021. The Q2 revenue and expenditure projections become the basis for constructing the FY2022-23 budget.

Discussion:

Yearend estimates-to-close become significantly firmer as the City passes the half-way mark of the fiscal year. The City’s overall financial picture has not changed significantly from the [Q1 Financial Performance Report](#) provided to City Council in November. The City’s revenues and expenditures are balanced with neither a sizable surplus nor deficit to report.



While the City’s fundamental financial outlook hasn’t changed, there are specific line-item modifications to note (see highlights in attached financial report). The largest change is revised timing for receipt of the second tranche of American Rescue Plan Act monies, approximately \$860,000. These monies are now expected in July or August of 2022

instead of June. This means the revenue will be attributable to FY2022-23 and not the current fiscal year. The practical impact is a much smaller FY2021-22 General Fund Ending balance.

The Engineering program is expecting significantly higher revenues and expenses from increased development review activity in the Fall. Fees for service offset a proportion of development review expenses. The program will likely need a transfer from contingency before the year is over. Development review activity is highly volatile and difficult to forecast. While current trends are for the Engineering program to exceed budget by \$122,000, that likely will change before the end of year.

The Parking program is another department on track to exceed budget, but by a much smaller amount. The primary driver is a large increase in Bank and Marchant fees. This may be due to higher use of the credit card and app-based payment options. Finance staff will be reviewing the City's contracts with our app-based vendors and may recommend changes. Change may include reducing the number of app-payment vendors or passing-through convenience fees to the app users.

Outside of the General Fund, local gas tax saw significant softening over the late fall and winter months. It is on track to end the year about \$12,000 lower than the previous year. This may be due to the particularly extreme winter weather in the Columbia Gorge reducing area driving. This localized hypothesis is bolstered by the fact that State Gas tax is generally running on-target with budget. If so, the local gas tax revenue may recover in the Spring.

Overall city-wide revenues are generally returning to normal as the economy adjusts to the persistent presence of COVID. The Q2 financial data doesn't include the largest impacts of the Omicron variant which is projected to peak in Oregon late January. The development of new variants is a constant risk factor as well.

Staff Recommendation:

Receive and file quarterly financial report for the period ending December 31, 2021.

Attachments

Quarterly Financial Report for the period ending December 31, 2021

GENERAL FUND REVENUE SUMMARY, through December (50% of Fiscal Year)						Prior Fiscal Year 2020-21	
Resources	Budget	Actual Through Dec. 2021	Year End Estimate	Year End Estimate Over / (Under) Budget	Percent of Budget Received thru Dec. 2021	Revenue thru Dec. 2020	Year-End Actual
Taxes							
Current Property Tax	2,854,901	2,585,183	2,848,173	(6,728)	91%	2,846,398	3,084,330
Previously Levied Tax	65,819	66,101	89,888	24,069	100%	59,274	108,202
Transient Room Tax	1,488,942	987,474	1,828,295	339,353	66%	677,164	1,494,042
Local Marijuana Tax	133,787	37,281	158,215	24,428	28%	43,702	169,396
All Other	10,500	12,982	22,998	12,498	124%	1,418	8,654
Licenses & Permits							
Franchise Fees	771,409	290,739	829,144	57,735	38%	250,457	723,419
Utility Fees	551,349	298,318	574,893	23,544	54%	321,477	628,912
Parking Meter Receipts	526,158	325,814	624,444	98,286	62%	215,271	437,012
All Other	134,181	97,659	164,281	30,100	73%	63,367	127,706
Fines & Forfeitures							
Parking Fines	178,319	85,719	150,054	(28,265)	48%	80,344	143,618
Municipal Court Revenue	183,972	98,437	169,425	(14,547)	54%	86,306	137,713
All Other	23,988	13,185	27,074	3,086	55%	12,224	25,611
Intergovernmental							
Fed. COVID19 Relief	795,054	866,359	866,359	71,305	109%	202,241	202,241
State Liquor Tax	166,882	69,603	176,576	9,694	42%	67,518	164,041
All Other	140,005	68,465	150,526	10,521	49%	77,895	167,716
Charges for Services							
Ambulance Revenues	885,000	505,917	933,058	48,058	57%	507,233	982,367
GEMT	43,000	-	43,000	-	0%	83,016	133,988
Engineering	76,792	130,061	166,978	90,186	169%	39,167	119,794
All Other	134,612	70,462	136,772	2,160	52%	75,643	143,414
Interest Earnings	21,600	11,110	21,680	80	51%	14,675	26,079
Misc. Revenues	111,182	102,356	126,979	15,797	92%	96,900	125,345
REVENUE TOTAL	9,297,452	6,723,226	10,108,812	811,360	72%	5,821,688	9,153,600

GENERAL FUND EXPENDITURE SUMMARY, through December (50% of Fiscal Year)						Prior Fiscal Year 2020-21	
Department	Budget	Actual Through Dec. 2021	Year End Estimate	Year End Estimate Over / (Under) Budget	Percent of Budget Expended thru Dec. 2021	Expenses thru Dec. 2020	Year-End Actual
Fire / EMS	4,057,187	1,999,396	3,920,853	(136,334)	49%	2,000,443	4,210,270
Police	2,823,423	1,353,134	2,602,096	(221,327)	48%	1,272,877	2,475,315
Parks	738,988	324,046	686,997	(51,991)	44%	217,639	582,488
Planning	666,685	297,983	652,462	(14,223)	45%	276,914	640,572
Parking	529,686	272,814	549,230	19,544	52%	233,246	511,564
Engineering	287,768	168,791	410,766	122,998	59%	148,553	329,717
Municipal Court	147,851	40,435	104,570	(43,281)	27%	61,369	122,185
City Council	23,806	26,820	43,168	19,362	113%	4,448	20,774
<i>Sub-total Department Expenditures</i>	<i>9,275,394</i>	<i>4,483,418</i>	<i>8,970,142</i>	<i>(305,252)</i>	<i>48%</i>	<i>4,215,489</i>	<i>8,892,884</i>
Non-Departmental							
Personnel	-	-	-	-		982	1,187
Materials & Services	321,200	92,640	255,521	(65,679)	29%	290,836	403,299
Contingency	259,197	-	75,000	(184,197)	0%	-	-
One-time FY2020-21 Transactions							
PERS Side Account Deposit	-	-	-	-		736,601	736,601
TOTAL	9,855,791	4,576,058	9,300,663	(555,128)	46%	5,243,909	10,033,972

FY2021/22 Audited Beginning Bal.	2,663,284
Proj. Change in Fund Bal.	808,149
Proj. FY2021/22 Ending Bal.	3,471,433

Pooled Cash & Investments <i>(All Funds, Including URA)</i>	
Dec. 2021	26,485,168
Dec. 2022	30,391,004

OTHER MAJOR REVENUE SOURCES SUMMARY, through December (50% of Fiscal Year)						Fiscal Year 2020-21	
Revenue	Budget	Actual Through Dec. 2021	Year End Estimate	Year End Estimate Over / (Under) Budget	Percent of Budget Received thru Dec. 2021	Revenues thru Dec. 2020	Year-End Actual
Gas Tax - Local	349,593	152,683	325,924	(23,669)	44%	157,365	337,897
Gas Tax - State	649,570	279,094	641,604	(7,966)	43%	240,030	629,282
Utility Charges							
Water	3,054,404	1,678,991	3,087,529	33,125	55%	1,593,942	2,958,085
Sewer	4,245,201	2,216,665	4,371,648	126,447	52%	2,117,768	4,197,829
Storm	576,809	295,920	589,966	13,157	51%	282,574	566,560