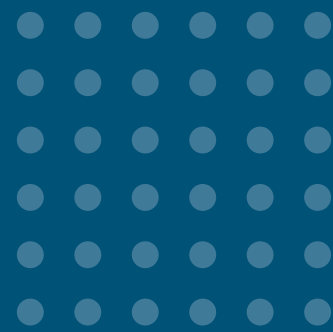




CITY OF
WICHITA



Fourth Quarter 2021 Financial Report



Finance Department

March 1, 2022



Fourth Quarter Report



- Reports unaudited activity through December 31, 2021
- Allows comparisons to prior estimates
- Provides a preliminary look at trends that may impact 2022-2023



Key Points



- Financial activity in 2021 was generally consistent with or better than expectations
- Some revenues have not reached pre-pandemic levels on an annualized basis, but momentum is accelerating
- Challenges remain, but the outlook is trending better than previous estimates



2021 General Fund Summary



- General Fund operating at a surplus of \$1.4 million in 2021, due to better than expected revenues
- Expenditures continue to reflect the prioritization of Public Safety
- Expenditures in non-public safety areas are impacted by job market challenges



Sales Tax



- Sales Tax grew 12.3% in 2021, higher than expected
- Monthly collections average \$6 million; December 2021 was \$7.1 million – the highest in 36 years
- Compensating Use is much higher (remote sales)
- Inflation is a component of sales tax growth



Short Term Outlook



- Revenues in 2022 should exceed prior estimates, due to a higher sales base
- Continued issue ramping up non-public staffing levels may initially reduce the need for ARPA funding (re-hiring staff) in 2022
- Inflationary pressures in 2022 could increase some expenditure areas



Longer Term Outlook



- Assessed Valuation Growth estimates may be too low
- The previous Sales Tax base is too low
- Inflationary pressures (particularly in bargain unit contracts) could increase expenditures
- Post ARPA (after 2025) remains uncertain



Looking Forward 1 - 4 Years



General Fund Outlook (2022 Adopted Budget)

	2021	2022	2023	2024	2025
Revenues	256.6	254.7	258.3	263.0	268.8
Expenditures	255.2	254.7	258.3	263.0	274.8
Margin	\$1.4	--	--	--	(6.0)

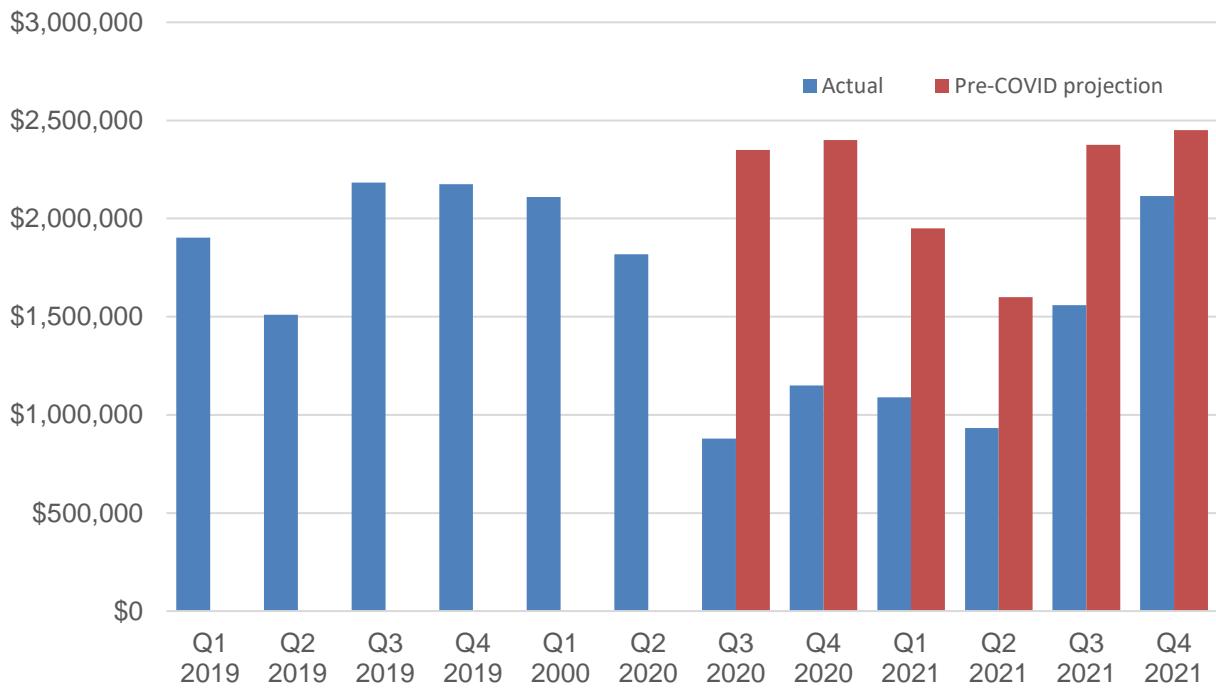
Note: Amounts in millions



Transient Guest Tax Fund



Guest Tax Quarterly Revenues

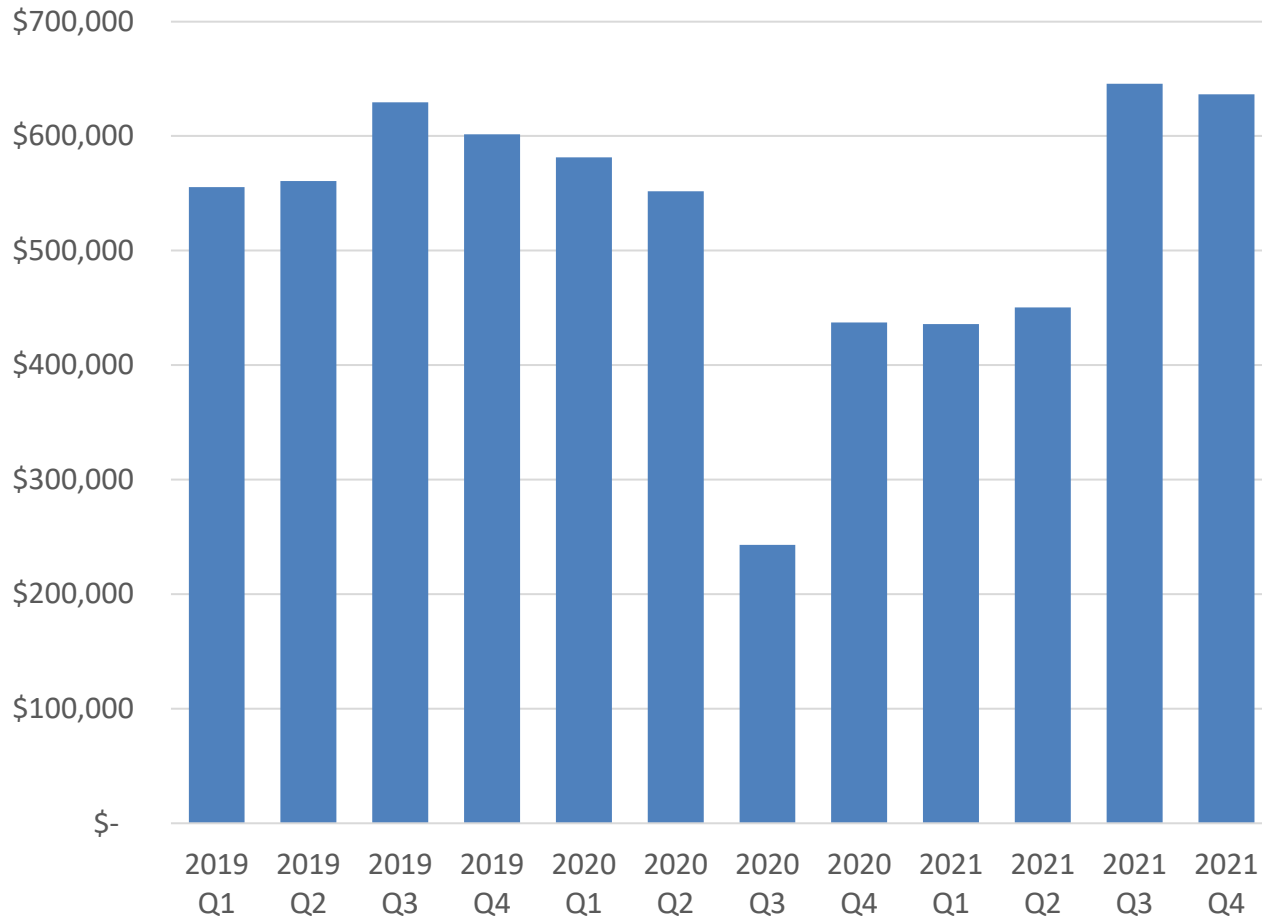


Based on quarterly activity in Q3 and Q4 of 2021, revenue in 2022 could approach pre-pandemic levels

<u>Annual revenues</u>	
2019	\$7,768,418
2020	\$5,957,989
2021	\$5,695,696



Special Alcohol Fund

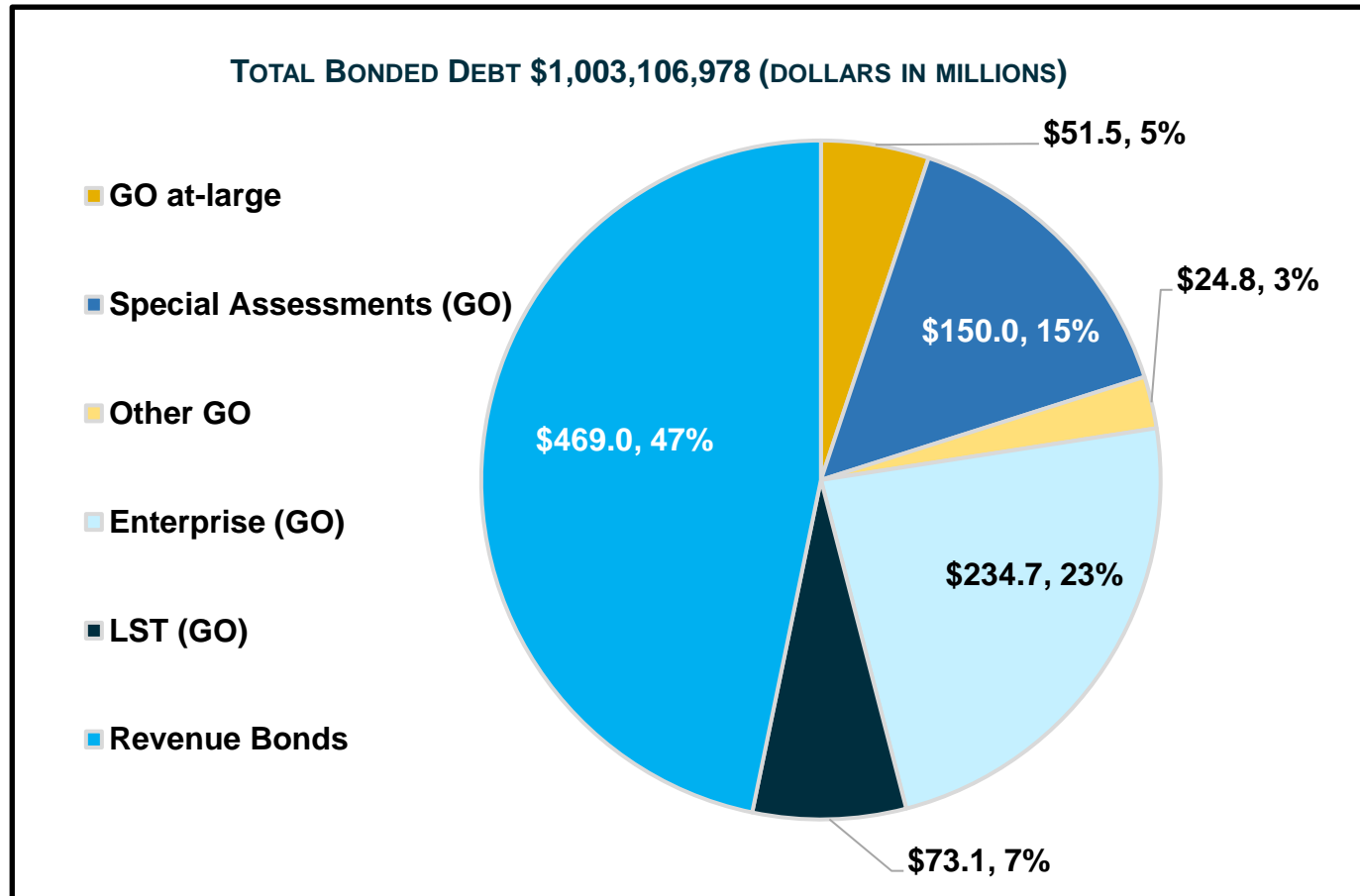


Based on quarterly activity in Q3 and Q4 of 2021, full recovery to pre-pandemic levels is expected in 2022

<u>Annual revenues</u>	
2019	\$2,347,112
2020	\$1,813,257
2021	\$2,168,572



Total Bonded Debt



Bonded debt level increased for Special Assessment debt and Water and Sewer revenue debt

In 2021, all other bonded debt levels decreased

Total bonded debt is \$1 billion



Debt Service / LST Fund Outlook



- DSF should benefit if valuation growth is revised upward (2023)
- Local Sales Tax fund should benefit from a higher sales tax base (roads, bridges and freeways)
- Inflation on CIP projects is a significant concern, and interest rates increases on debt should be expected



Summary



- Financial performance in 2021 was very good
- Revenue estimates are likely to be revised upward
- Inflationary pressures are expected, particularly in the CIP
- Staff expect to update projections for a workshop presentation in April
- Quarterly Reports are available online



Recommendation



- Receive and file the Quarterly Financial Report for the period ending December 31, 2021





Fourth Quarter 2021 Financial Report

Finance

