

# First Quarter 2022 Financial Report

*Finance Department*



*June 21, 2022*



# First Quarter Report

2

- Reports unaudited activity through March 31, 2022
- Allows comparisons to the Adopted Budget and to recent guidance
- Provides an opportunity to review recent conditions that may impact upcoming financial performance

# Key Points

- Financial activity in Q1 2022 was better than Q1 2021, and compares favorably to the 2022 Adopted Budget (approved in August 2021)
- Performance in Q1 is consistent with recent workshop and retreat presentations and guidance
- Recent economic issues are expected to impact revenues in the remainder of 2022

# 2022 Q1 General Fund

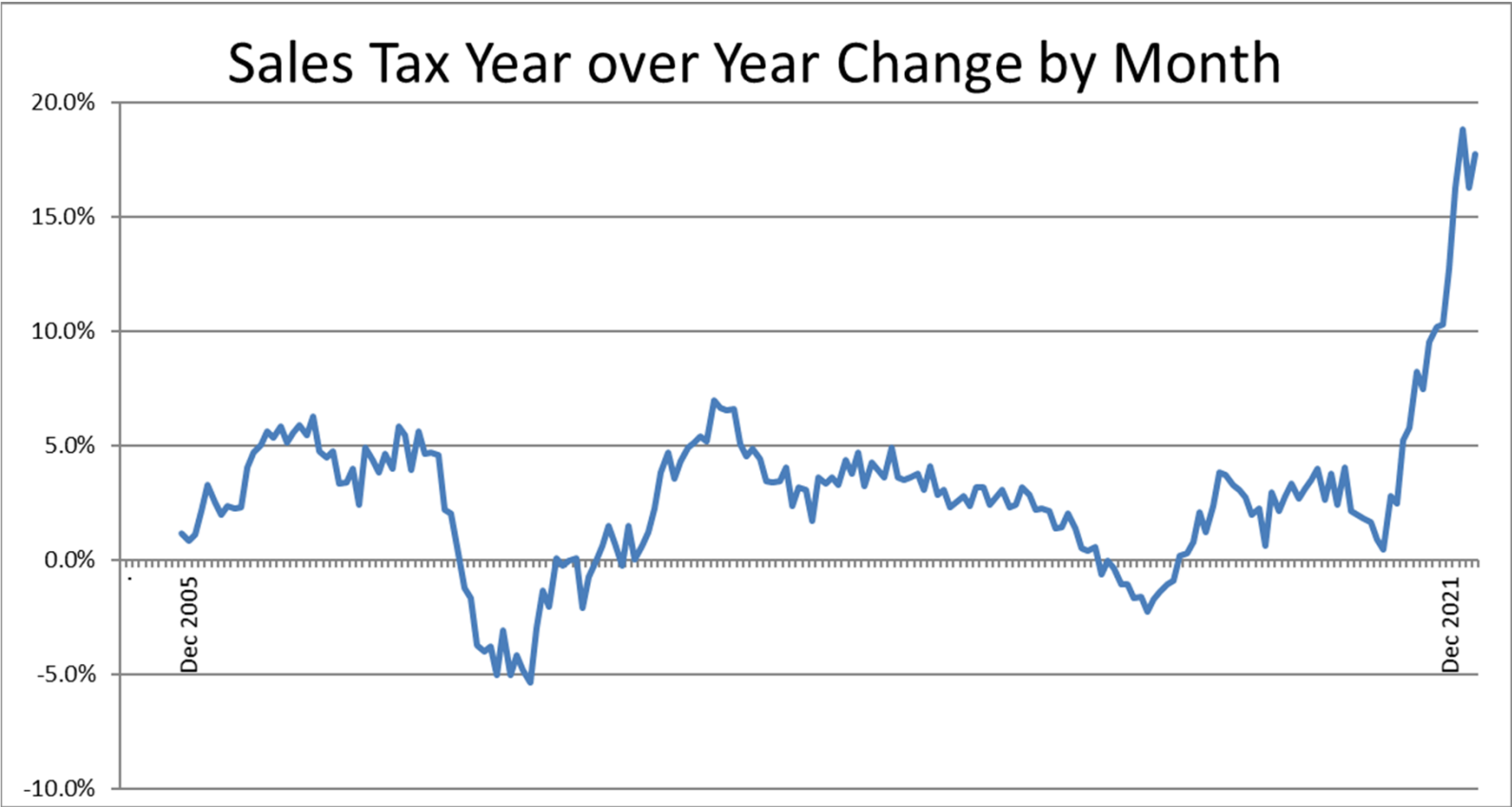
4

- General Fund revenues are \$6.6 million higher than Q1 2021
- Increases are mostly in property taxes, sales taxes and franchise fees
- Interest earnings and court revenues are lower than 2021, which was expected

# Sales Tax

- Sales tax was up \$1.3 million (16%) over Q1 2021
- Current estimate for 2022 is \$38.4 million, or 11% higher than 2021 (\$34.6 million)
- Current sales tax environment is unprecedented
- Sales tax should have upward pressure due to inflation, but downward pressure due to economic conditions

# Sales Tax

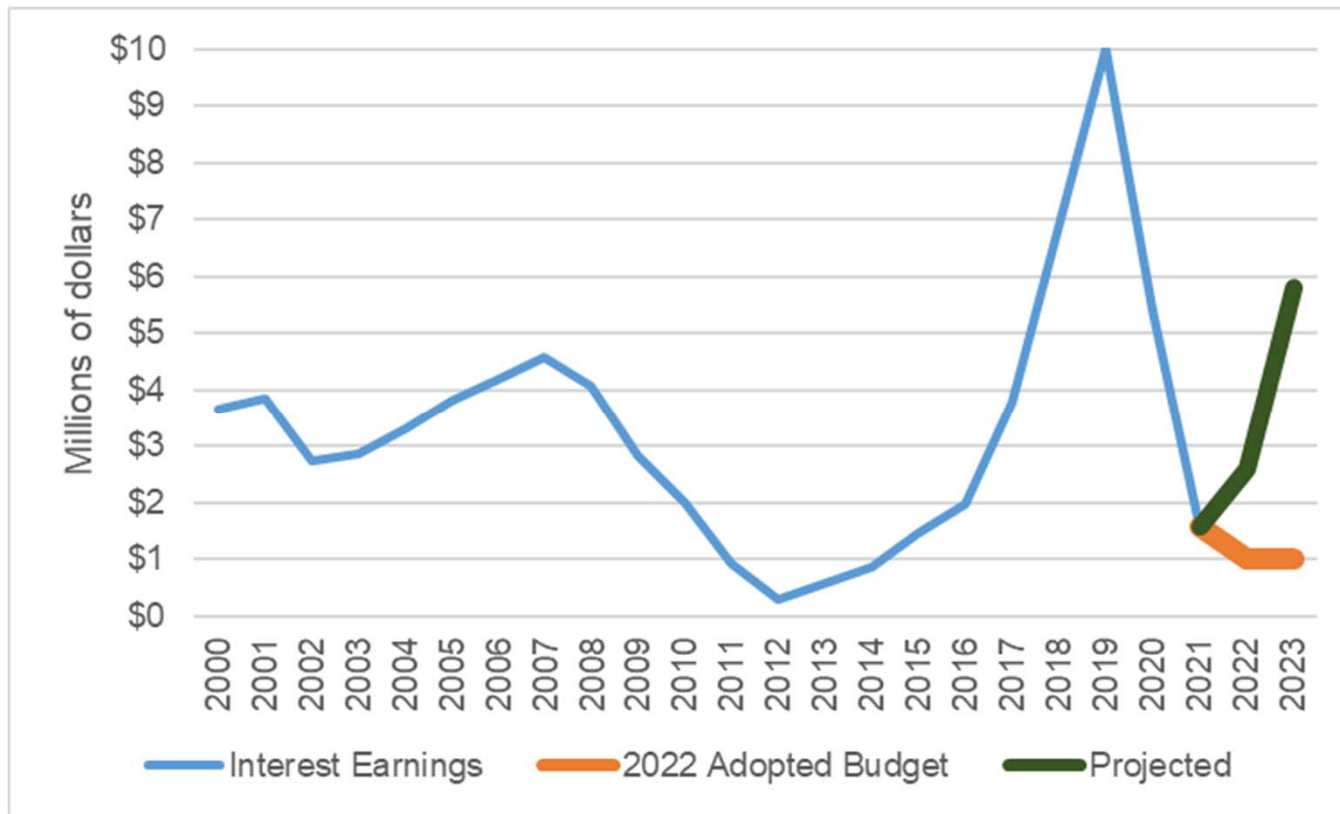


# Interest Earnings

7

- Interest Earnings were down \$170K (33%) from Q1 2021 - as expected due to the interest rate environment in 2021
- City investment policy priorities are: 1) safety, 2) liquidity, 3) earnings
- Based on current monetary policy, interest earnings are now anticipated to accelerate into 2023

# Interest Earnings





# Expenditures

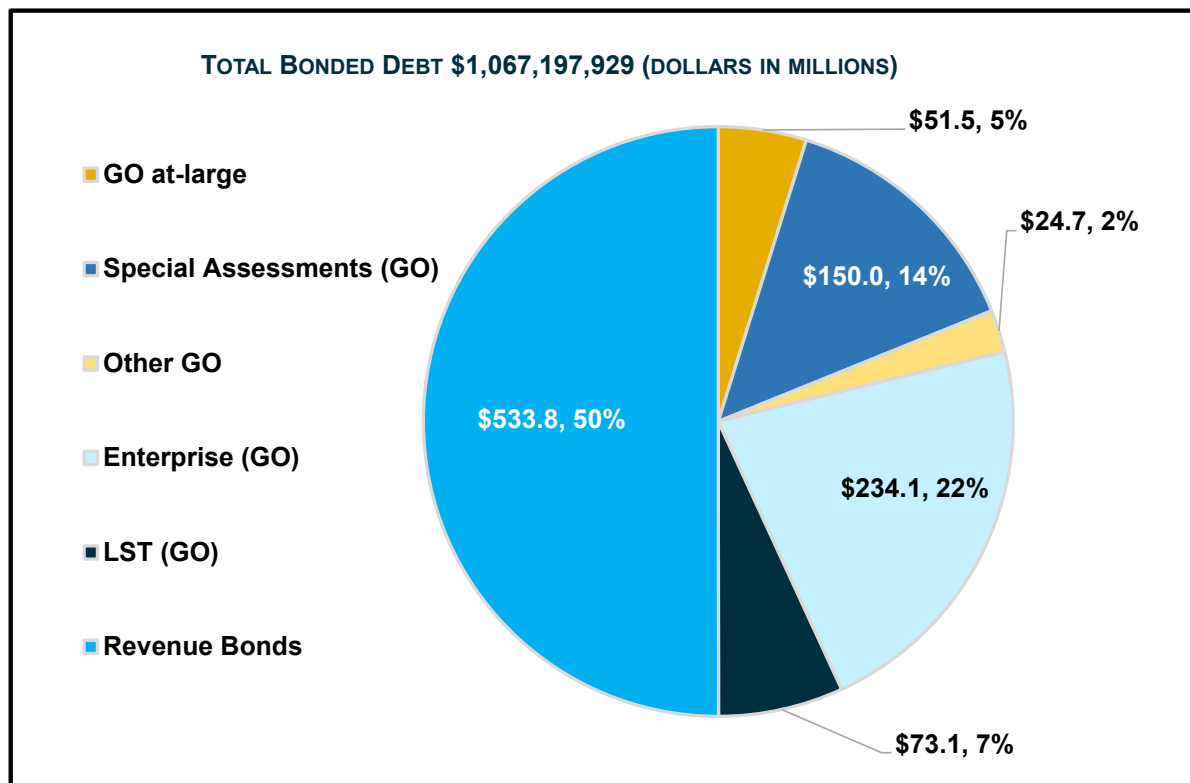
- General Fund expenditures increased \$2.4 million over Q1 2021, which is consistent with current estimates for 2022
- Revenue growth usually exceeds expenditure growth in Q1
- Public safety continues to be prioritized, with 61% of General Fund expenditures attributed to this area

# General Fund Takeaways

10

- Revenue growth continues to out-perform, especially in volatile areas (sales tax, franchise fees, interest earnings)
- Inflationary pressures are expected to continue to impact expenditure growth
- Overall, less ARPA support for the General Fund is expected through 2024; but long-term sustainability issues (after 2024) are expected

# Total Bonded Debt



Bonded debt level increased for Water and Sewer revenue debt

Total bonded debt is \$1.07 billion

# ARPA Update

12

- Less ARPA support for the General Fund is projected, providing resources that can be allocated to infrastructure (CIP)
- Of the allocated \$72.4 million, \$19.4 million has been committed, with \$14.5 million expected to be presented for approval in July

# ARPA Update

## ARPA Spending Plan (millions)

	2022 Adopted	April 2022	Current Estimate	Approved
General Fund Support/Reserve	\$24.9	\$20.9	\$12.7	\$1.23
Initiatives	\$4.5	\$4.5	\$4.5	\$0.25
Infrastructure	\$23.0	\$27.0	\$35.2	\$2.9
Negative Economic Impact	\$20.0	\$20.0	\$20.0	\$15.0
	\$72.4	\$72.4	\$72.4	\$19.38

# Summary

- The General Fund continues to perform well
- The current environment is expected to be a positive short-term influence, but a potentially negative long-term influence
- Less ARPA is expected to be required to support the General Fund and can be shifted to infrastructure projects
- Quarterly Reports are available online

# Recommendation

15

Receive and file the Quarterly Financial Report for the period ending March 31, 2022

# First Quarter 2022 Financial Report

*Finance Department*

