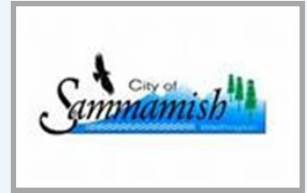


# Financial Status Report

## YTD Through Third Quarter 2022



The Financial Status Report provides a summary budget-to-actual comparison of revenues and expenditures for the City's general operating funds (General Fund and Street Fund). Information for the same YTD period from prior years is also shown.

The last page shows Citywide FTE vacancy information and a summary of the American Rescue Plan Act (ARPA) Fund.

	2022 Budget	2022 Year-to-date
Revenues	\$ 51,811,616	\$ 34,508,007
Expenditures	51,680,114	32,141,230
Capital Transfers	3,350,000	2,512,500
Net Revenues Less Expenditures	\$ (3,218,498)	\$ (145,723)
Beginning Fund Balance	\$ 32,458,406	\$ 44,821,156
Ending Fund Balance (EFB)	\$ 29,239,908	\$ 44,675,433
<b>Strategic Operating Reserves*</b>	<b>\$ 5,181,162</b>	<b>\$ 5,181,162</b>
<i>General Fund includes the Street Fund</i>		

### Overall highlights

After the third quarter, the City's revenues are on target to meet or exceed budget, and the City's expenditures are likely to be under budget.

Revenues are budgeted conservatively. Sales tax revenues are currently at 89% of the annual budget and development revenues have already exceeded the annual budget. With approximately 64% of the City's revenue coming from property tax, and where the second installment is received in the October/November timeframe, revenues are looking like they will exceed budget for the year.

Many expenditures are seasonal and therefore it is typical that expenditures are less than 75% of the annual budget three quarters of the way through the year. It is doubtful these expenditures will reach the annual budgeted amount.

Part of the expenditure underspend is due to vacancies. Although the City is doing a good job at filling vacancies, personnel costs are likely to remain under budget for the year. YTD, vacancy savings are approximately \$1.9 million.

The actual beginning fund balance was more than \$12 million above budget as revenues in 2021 were higher than budget and 2021 expenditures were below budget.

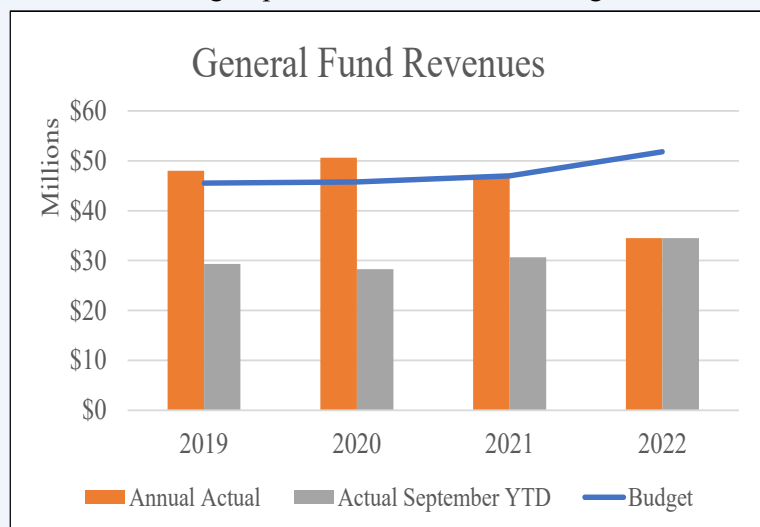
\*Current City Council policy sets the strategic operating reserve at 10% of the City's annual General Fund revenue budget.

# Revenues

Historical YTD Through 3rd Quarter Actual Revenues					Budget
	2019	2020	2021	2022	2022
Property Tax	\$ 16,133,455	\$ 16,572,004	\$ 17,802,004	\$ 18,565,501	\$ 33,322,125
Sales Tax	6,138,997	5,742,599	6,925,789	7,417,685	8,354,000
Other Tax	2,910	2,479	2,907	5,449	1,500
<i>Other Revenues</i>					
Licenses and Permits	1,485,565	1,472,822	1,212,353	2,253,121	1,620,000
Intergovernmental	1,951,158	1,896,041	2,243,911	2,293,503	4,391,350
Charges for Service	1,979,856	1,733,197	1,803,684	2,536,161	2,949,201
Fines & Forfeits	141,200	58,189	3,269	53,150	398,000
Miscellaneous	1,196,805	804,845	637,363	1,383,436	775,440
Transfers In	300,000		25,000		
<b>Total Revenues</b>	<b>\$ 29,329,946</b>	<b>\$ 28,282,176</b>	<b>\$ 30,656,280</b>	<b>\$ 34,508,006</b>	<b>\$ 51,811,616</b>
<i>General Fund includes the Street Fund</i>					

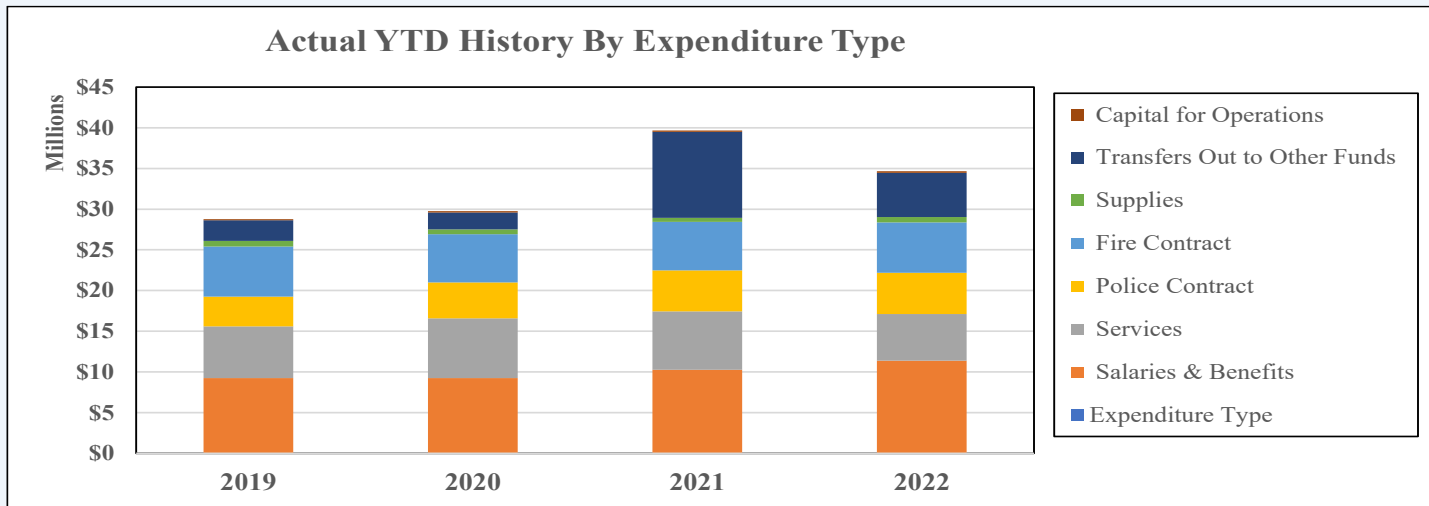
## Highlights for Operating Revenues

- **Property tax revenues** are primarily received in the April/May and October/November timeframes. YTD the City has received 56% of the annual budget and is on pace to slightly exceed budget.
- **Sales tax revenues** are at 89% of the annual budget and 7% higher than 2021 through the third quarter. The pandemic led to a shift in the spending by the City's residents where they shopped more online than in neighboring cities, resulting in the City of Sagemanish receiving more sales tax revenue. The year over year increases in both contracting and services have been even greater than the increases in general merchandise sales. Sales tax revenues to the City are also likely higher due to the prices on goods being higher.
- **Licenses & Permits and Charges for Services** categories had some re-classifications in 2022, so comparisons to the budget and prior years, should be done as one group. For YTD 2022 these categories of revenue have already exceeded the annual budget and are 59% higher than they were at this time last year.
- The City has experienced higher levels of permit revenues due to more permit requests and higher permit fees introduced in 2022 upon completion of a fee study.
- **Intergovernmental** includes a \$1.53 million US DOT grant for the 228th Ave. overlay project in the budget. The grant revenues will be received as the project progresses.



# Expenditures

Historical 3rd Quarter Actual Expenditures By Type					Budget
Expenditure Type	2019	2020	2021	2022	2022
Salaries & Benefits	\$ 9,253,632	\$ 9,236,816	\$ 10,252,307	\$ 11,389,871	\$ 17,331,150
Services	6,146,177	7,138,999	7,183,692	5,716,241	12,495,970
Police Contract	3,651,960	4,407,979	5,050,612	5,070,018	8,569,200
Fire Contract	6,149,264	5,934,804	5,944,304	6,198,843	8,132,914
Supplies	689,220	592,666	512,858	647,477	1,338,520
Transfers Out to Other Funds	2,749,298	2,263,473	10,567,216	5,429,145	7,081,360
Capital for Operations	120,798	184,779	140,870	202,134	81,000
<b>Total Expenditures</b>	<b>\$ 28,760,349</b>	<b>\$ 29,759,517</b>	<b>\$ 39,651,859</b>	<b>\$ 34,653,730</b>	<b>\$ 55,030,114</b>

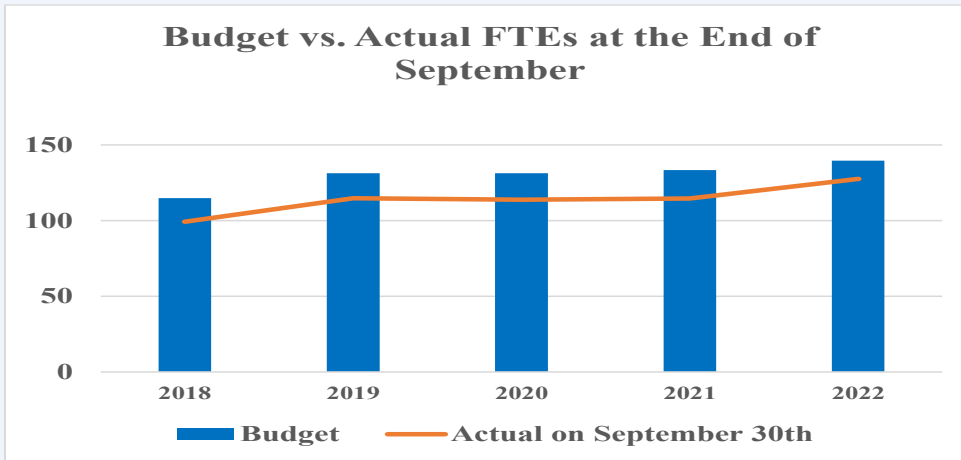


## Highlights for Operating Expenditures:

- **Salaries & benefits** are at 66% of the annual budget due to vacancies, yet they are higher than last year at this time due to fewer vacancies and also due to step and COLA increases.
- **Police Contract** expenditures are at 59% of the annual budget, which is typical for this time of year as there is often a delay the receipt of invoices.
- **Fire Contract** expenditures are at 76% of the annual budget YTD, as expected three quarters of the way through the year.
- **Services expenditures** are only at 46% of the annual budget. There are a variety of reasons for this under-spend, including seasonality of expenditures. Individual accounts may be viewed in the complete September Financial Management Report (FMR).
- **Transfers Out to Other Funds** contain both transfers to the internal service funds paying for items like information technology services, fleet maintenance and replacement to the equipment rental fund, citywide insurance through the risk management fund and transfers to capital funds as budgeted. These transfers have increased over time as the cost of providing these services has increased. Year to date expenditures are in line with the budget.

## Personnel Vacancy Information

The 2022 budget includes 139.5 Full Time Equivalents (FTEs) and on September 30th, 2022 there were 127.5 FTEs employed at the City, representing a vacancy rate of 8.6%. This vacancy rate is significantly lower than in recent times as the City's Human Resources staff has been working very hard to fill vacancies. Additional headcount data is available in the monthly Financial Management Report (FMR).



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## American Rescue Plan Act (ARPA)

The City has received an allocation of \$4,759,912 in ARPA funding from the federal government over the course of two years. The first half of this funding was received in June 2021 and only the amount of the allocation spent is shown as 2021 revenue, with the balance rolled into 2022. The second half was received in June of 2022. The City is receiving these federal funds in a category that allows the funds to be spent on any government service with a few exceptions such as debt service and pension funding. The funds must be obligated by December 31, 2024 and spent by December 31, 2026. Any unspent funds must be returned to the federal government.

To date the funds have been authorized for spending on personnel and professional services to ensure city facilities are safe for employees and the public and for computer equipment to enable employees to work remotely.

### ARPA Fund-Fund Balances, Budget vs. Actual Revenues & Expenditures

	2021 Actual	2022 Budget	2022 Year-to-date
Revenues-Federal Funding	\$ 32,740	\$ 2,379,956	\$ 4,727,172
Expenditures			
Personnel	32,740	136,900	103,925
Services & Charges	-	2,243,056	-
Gain/(Loss)	\$ -	\$ -	\$ 4,623,247
Beginning Fund Balance	\$ -	\$ -	\$ -
Ending Fund Balance	\$ -	\$ -	\$ 4,623,247