

## MEMORANDUM

Date: July 12, 2022  
 To: Mayor and City Council  
 From: Tom Kelly, Treasurer  
 Re: First Quarter 2022 Financial Report

The City's audit for 2021 is almost complete and will be presented in August. With that being said, here is a summary of the City's first quarter financial results. The City's revenues are higher than normal, but comparable to last year's revenues for the first quarter and expenditures are where they should be at this point in time. The key to the City's finances are that even though we are 25% through the year, revenues and expenditures do not flow evenly through the year. There are some one-time expenditures, which are spent at the beginning of the year, and expenditures for snow plowing activities, which are spent during the first and fourth quarters of the year, which makes the City look like it may over spend its budget, but over the course of the year, will actually be in line with budgeted amounts. Likewise, on the revenue side the major revenue source is property taxes and special assessments, which are received in July and December. In addition, sewer billing revenues are only received once a quarter. Below is a chart comparing budget to actual revenue and expenditures for the years 2021 and 2022.

### ALL FUNDS

Revenues	2021	2021	%	2022	2022	%
	Budget	Actual	Received	Budget	Actual	Received
General Fund	11,712.48	15,738.04	134.37%	11,337.51	20,880.58	184.17%
Special Revenue Fds	100.00	123.74	123.74%	400.00	137.37	34.34%
Debt Service Funds	38,080.25	308.08	0.81%	148,032.00	337.32	0.23%
Capital Project Funds	6,750.00	1,300.67	19.27%	60,000.00	1,153.83	1.92%
Enterprise Funds	17,687.50	22,628.97	127.94%	83,340.00	19,280.92	23.14%
<b>Total</b>	<b>74,330.23</b>	<b>40,099.50</b>	<b>53.95%</b>	<b>303,109.51</b>	<b>41,790.02</b>	<b>13.79%</b>

Expenditures	2021	2021	%	2022	2022	%
	Budget	Actual	Spent	Budget	Actual	Spent
General Fund	30,774.06	70,841.02	230.20%	130,819.50	87,883.14	67.18%
Special Revenue Fds	500.00	0.00	0.00%	1,250.00	0.00	0.00%
Debt Service Funds	32,816.25	112,602.50	343.13%	32,465.00	121,462.50	374.13%
Capital Project Funds	0.00	5,562.73	0.00%	27,500.00	93,247.63	0.00%
Enterprise Funds	45,022.50	11,718.71	26.03%	45,587.50	32,767.21	71.88%
<b>Total</b>	<b>109,112.81</b>	<b>200,724.96</b>	<b>183.96%</b>	<b>237,622.00</b>	<b>335,360.48</b>	<b>141.13%</b>

It should be noted that the budget amounts are for one quarter of the fiscal year and the actual is year to date actual revenues collected or funds spent. The rest of the report will detail the revenues and expenditures of each of six fund types.

### GENERAL FUND

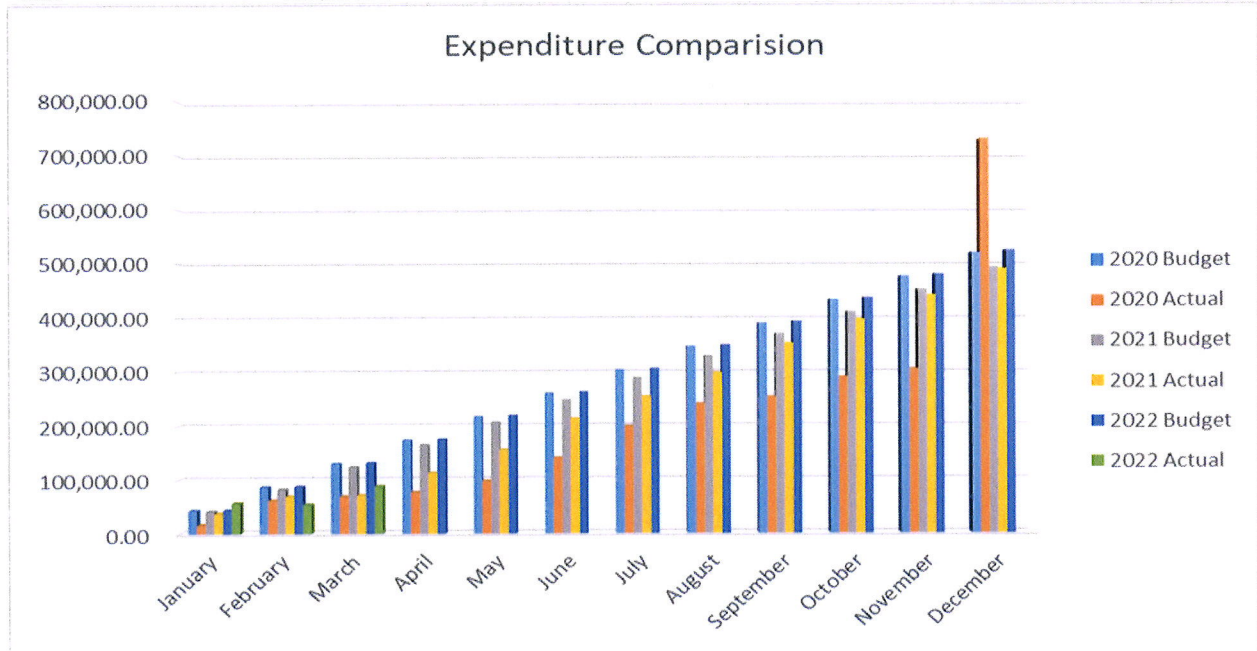
For the first quarter, revenues are above budget projections and expenditures are below budget, which is show in future charts. However, the chart on the following page shows how revenues



Actual expenditures for the quarter are below the 2022 and 2021 budget but above the 2021 actual amounts as shown in the charts below:

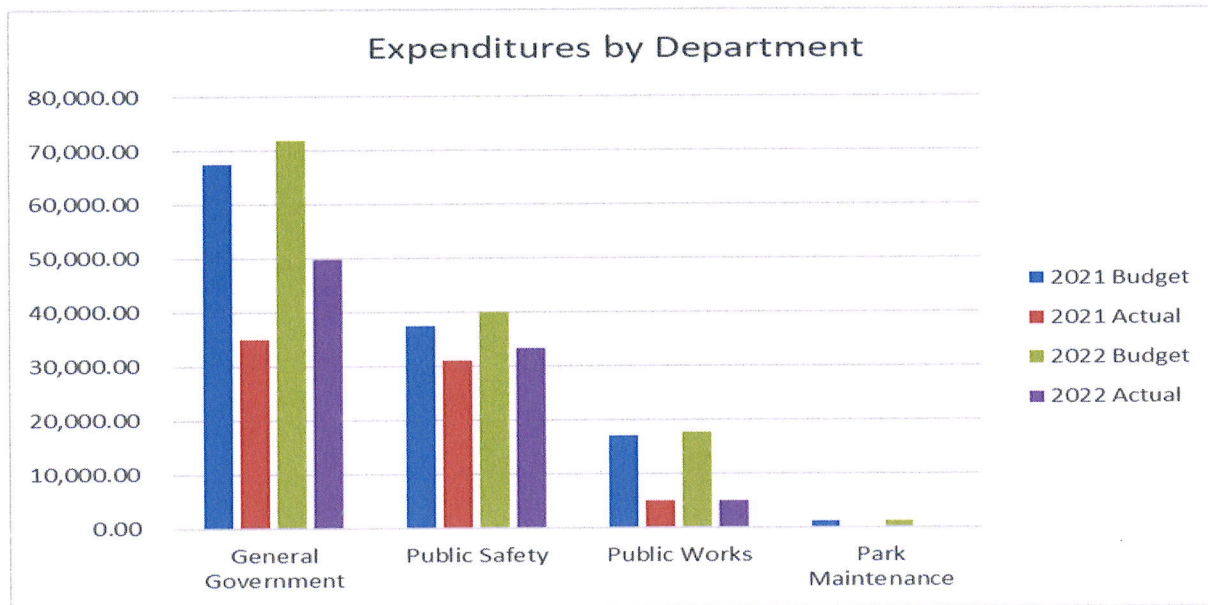
Expenditures by Department

	2021 Budget	2021 Actual	% Spent	2022 Budget	2022 Actual	% Spent
General Government	67,439.00	35,050.24	51.97%	71,839.25	49,666.66	69.14%
Public Safety	37,432.25	30,896.75	82.54%	40,005.50	33,194.09	82.97%
Public Works	16,975.00	4,894.03	28.83%	17,724.75	5,022.39	28.34%
Park Maintenance	1,250.00	0.00	0.00%	1,250.00	0.00	0.00%
<b>Total</b>	<b>123,096.25</b>	<b>70,841.02</b>	<b>57.55%</b>	<b>130,819.50</b>	<b>87,883.14</b>	<b>67.18%</b>



If expenditures were spent evenly throughout the year the City should have spent 25% of its budget, however the City has only spent 16.79% of its 2022 budget so far. There is no activity over 25% spent of their budgets after the 1<sup>st</sup> quarter. The weather during the first quarter even cooperated and has the public works spending at 7.08% of budget. Therefore, depending on the weather this fall and the need for plowing and sanding, the public works activity appears to be trending at coming in below budget. Public Safety has spent 20.74% of its budget, which is the most of all the departments so far. The chart on the following page demonstrates how actual spending of each activity compares to budget through the first quarter.





Overall, the General Fund appears to be in good shape through the first quarter of the year. If revenues and expenditures follow previous year collections and expenditure patterns revenues should finish the year near budget amounts while expenditures should finish below budgeted amounts. Staff will monitor revenues and expenditures through the summer months to see if revenues will still exceed expenditures by year-end or if the City will need to use some of their reserves to pay 2022 expenditures.

### **SPECIAL REVENUE FUNDS**

The City's only Special Revenue Fund is the Parks and Playgrounds Fund, which has had only interest earnings of \$137.37 for revenue activity through the first quarter and no expenditures.

### **DEBT SERVICE FUNDS**

On February 1<sup>st</sup> the City paid its 2022 debt obligations of \$105,000.00 in principal and \$16,462.50 of interest. The City now has \$960,000.00 in outstanding debt. The next scheduled debt payment is the interest only payment of \$15,196.25 due August 1<sup>st</sup>. Funding comes from property taxes and special assessments, which the City receives in July. The City did receive first quarter interest earnings of \$337.32.

### **CAPITAL PROJECT FUNDS**

The main revenue sources are special assessments, which are received in July and a transfer from the General Fund, which will be done in April. So far the only revenue is interest earnings of \$1,153.83. The \$93,247.63 in expenditures are costs from replacing/fixing the embankment by the railway and greenhouse.

### **ENTERPRISE FUNDS**

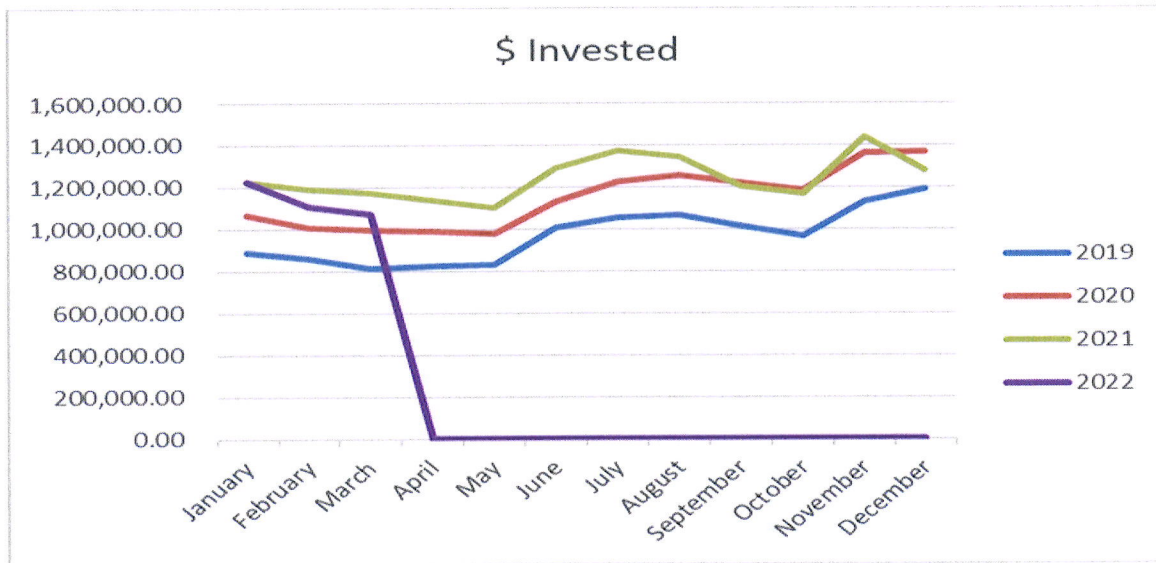
The City's Enterprise Funds include the Sewer and Water Enterprise Funds. Revenues for the first quarter are below last year revenues and are just over 23.14% of budgeted revenues. Revenues totaled \$19,280.92 for the first quarter of 2022 compared to \$22,628.97 last year. Expenses for the year are also above last year's expenses and are just over 17.97% of budgeted expenditures. Keeping in mind that the expense budget for the Sewer and Water Enterprise Funds includes depreciation, which is not recorded until year-end. The main

expense is the M.C.E.S. charges for sanitary sewer treatment. The City has a budget of \$42,600.00 for these charges and has paid 26.69% or \$11,369.60 for this line item compared to \$15,772.64 in 2021.

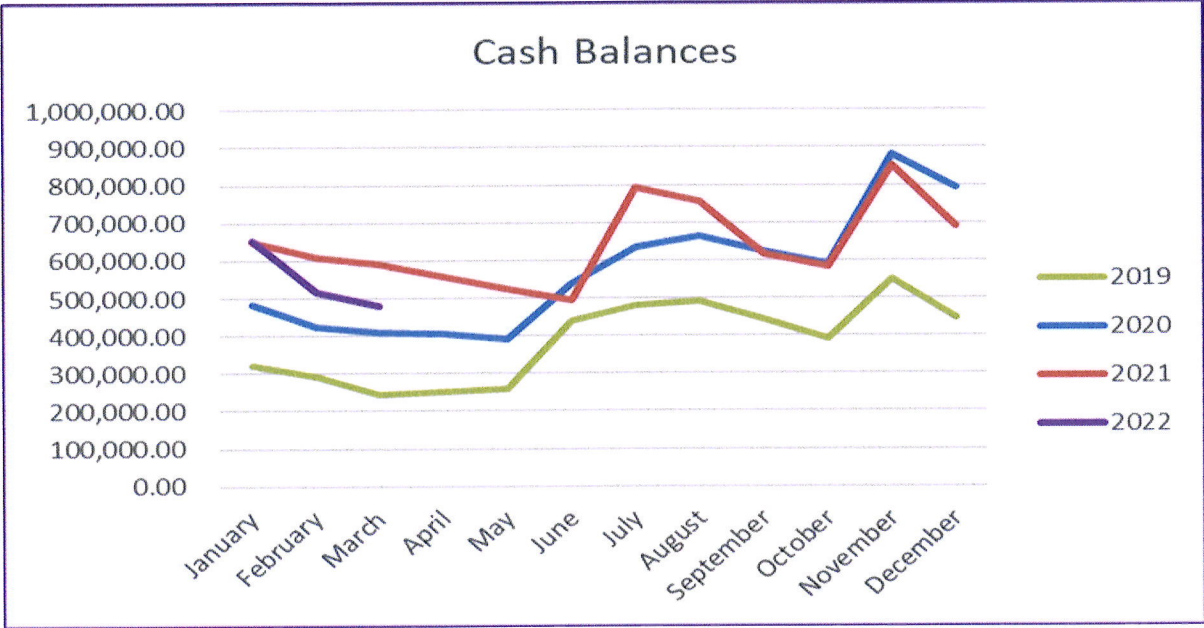
Overall the Sanitary Sewer and Water Funds should finish the year with revenues exceeding budget and expenses should be near budget amounts, resulting in revenues exceeding expenses or breaking even.

**CASH AND INVESTMENTS**

Finally, the City had \$1,070,792.40 invested as of March 31<sup>st</sup>. This compares to \$1,171,909.63 invested last year at this time. The decrease in investments is due to the City not yet collecting its first half tax settlement. The investments had an average interest rate of 1.66%, which is the same as last year. The chart below shows the City’s invested funds for the last four years.



The other factor and equally important as funds invested is the City’s cash in the bank. These are the funds the City uses to pay its bills each month. Since the City receives the majority of its money in July and December from tax settlements, it is not unusual for the City to have a large amount of cash available in those months with the funds being drawn down in the proceeding months. Depending on expenditures and other revenues collect the City may draw on its investments to help meet its cash needs. The chart on the following page demonstrates the cash flow for the City.



**CONCLUSION**

The City had a typical first quarter of the year financially. Through the first quarter, it appears revenues should finish the year above budgeted amounts for most revenue sources, while expenditures may end near or slightly below budgeted amounts. The City has sufficient cash and investments to meet its obligations until the City receives its first tax settlement in July, however investment earnings remains low. Therefore, it would appear the City is in good financial shape for 2022.