



2021 Fourth Quarter Financial Reports

Enclosed are the fund reports as of December 31 (year to date) 2021.

Staff is presenting the summary reports for the City Council's review. The line item reports are in greater detail and reviewed by the Mayor and City Administrator. Then they are distributed to the department heads to review with the City Administrator and Mayor once again over each area of control. Once the Council reviews and approves the motion accepting these yearend reports the finance staff will begin completing the 2021 annual report for the State Auditors, which is due by May 30.

The 2021 financial reports are complete and the cash position has increased by \$434,860 this is down from the third quarter total increase of \$2.3M, which is more in line with the amended budget projections. Multiple projects delayed until the 4th quarter and to 2022 such as ARPA (HVAC etc.), the West Valley and Stewart road projects lead to this. Sales tax revenues along with other significant revenue (taxes and permits for example) in the general fund did quite well rebounding from the 2020 economic slowdown. However, the sizeable **municipal court** cost overrun **(\$194K)** reduced the end reserves balance to almost \$2.5M though this was still higher than the amended budget projections of \$2.4M. The utilities (including capital water/sewer/storm projects and the debt fund) experienced a net decrease of \$466K and the capital projects (buildings, roads, parks and fire) saw an increase of \$485K. This was due to late 2020 activity in the Stewart, West Valley and Municipal Capital funds that were reimbursed (grants) in early 2021. The general and special revenue funds (including streets operations and tourism) saw a decrease of \$135K in 2021. The City's reserves for the general funds (including special revenue funds: streets and Tourism) increased by 6.6% (\$230K) and dropped by 12.7% (\$466K) for the utilities (combining operations, capital debt & asset replacement funds). The general funds are impacted by the municipal court cost overrun and the pandemic (though less so in 2021) while the utilities funds are experiencing a deeper decrease due to the pandemic (moratorium on late fees and shutoffs) and the lack of a rate increase for the prior three years as it is cumulative. The following funds listed had significant fund decreases with detailed explanations:

- The General Fund (001) is up by \$346K though if you remove the unspent ARPA funds this is a "push". However when the municipal court cost overrun is removed there would have been near a \$200K increase in the fund balance which is mostly the result of increased sales taxes. In addition, the Equipment and reserved fund (098) experienced an increase of \$12K. The overall general fund balance increased from \$3,010M to \$3,374M a 12.1% increase. The new reserve balance in the general funds is 54.1% a decrease of 2.6%.
- The Street Operations (101) Fund – Decrease in interfund transfers (declining revenues in the GF & zero rate increase in utilities) along with an increase in costs (payroll and materials) saw this fund's balance decrease by \$158K. This fund is trending towards a zero balance over the past few years and will need increased interfund transfers from the General Fund in 2022.
- The Tourism Fund (107) saw a slight increase of \$22.7K due to zero activity (Pandemic shutdown) along with \$23K yearend revenues.
- The LID Redemption Fund (**209**) revenues received 580K dollars via payments by property

owners in the district, which were, received throughout the year. This increased the fund balance by \$83K. These funds will be used to pay the loan down in the coming years.

- The Municipal Capital Improvement (300) Fund – increased by \$211K due to ARPA funding yet to be fully used on the capital HVAC project.
- The Roads Capital Fund (301) –this fund’s balance increased by over \$79K due to grant reimbursement for work done in 2020.
- The Park’s Capital Fund (305) – increased balance of almost \$28K is primarily due to the Park’s levy revenue (over \$50K) and minimal expenses in 2021.
- West Valley Fund (309) – experienced a decrease of almost \$31K due to minimal revenues and preliminary project engineering and right of way expenses.
- The Stewart Avenue Project Fund (310) increased by nearly \$148K due to interfund transfers from the General fund (\$340K) and the Roads capital fund (\$350K) to prevent a shortfall. The transfer from the roads capital will be reversed in 2022.
- The Water Fund (401) – Decreased by \$32K due to the lack of rate increases versus the annual rate of expenditure increases in payroll, materials and other costs (consultants etc.). The loss of revenues from late and penalty fees (\$46K down from 2019 for all three utilities) played a significant factor as well.
- The Sewer Fund (402) – Decreased by \$189K due to the lack of rate increases versus the annual rate of expenditure increases in payroll, materials and other costs (consultants etc.).
- The Utilities Revenue redemption Bond Fund (404) – decreased by nearly \$49K due to a decrease in interfund transfers from the three utilities due to rate increase freeze.
- The Water Capital Fund (406) – decreased by \$139K due to project costs on water capital (ARPA related).
- The Sewer Cumulative Fund (408) – decreased by \$85K due to multiple projects (telemetry, pump station and design & construction) costs.
- The Stormwater Facility Fund (410) – decreased by \$131 K due to capital projects and interfund transfers of \$369K for future capital projects.

The \$435K increase in the 2021 cash position is primarily a reflection of the remaining balance of the American Rescue Plan Act (ARPA) funds still to be used for capital projects (HVAC/Utilities infrastructure). This combined with almost 15% growth in sales tax revenue led to the gains in 2021’s cash flow. Initially the 2021 budget forecast a significant decrease in the City’s cash flow position. However the aforementioned additions plus the delay on significant roads (Stewart and West Valley) projects reversed the direction to be a decent increase.

Please feel free to contact me to discuss any matters with this report.

Richard A. Gould
City Administrator

Fund Cash Change:

FUND		2020 12/31/2020	2021 12/31/2021	NET YTD GAIN/LOSS
001	General Fund	\$ 2,462,738.22	\$ 3,001,802.30	\$ 539,064.08
097	Pacific Municipal Court	\$ (315,328.23)	\$ (509,007.24)	\$ (193,679.01)
001	General Fund	\$ 2,147,409.99	\$ 2,492,795.06	
098	General Fund Equipment Reserve	\$ 336,917.19	\$ 348,936.11	\$ 12,018.92
099	General Fund Cumulative Reserve	\$ 525,126.26	\$ 525,126.26	\$ -
101	Street Fund	\$ 249,010.14	\$ 91,208.97	\$ (157,801.17)
107	Tourism Fund	\$ 195,801.61	\$ 218,459.50	\$ 22,657.89
108	LID 3 Redemption Fund	\$ -	\$ -	\$ -
109	LID 3 Reserve Fund	\$ -	\$ -	\$ -
110	2000 Fire GO Bond Fund	\$ -	\$ -	\$ -
209	LID 6 Redemption Fund	\$ 507,883.76	\$ 591,070.96	\$ 83,187.20
210	LID 6 Reserve Fund	\$ 479,578.09	\$ 479,817.32	\$ 239.23
300	Municipal Capital Improvements Fund	\$ 570,765.92	\$ 781,684.76	\$ 210,918.84
301	Roads Capital Fund	\$ 260,245.89	\$ 339,270.90	\$ 79,025.01
305	Parks Capital Improvement Fund	\$ 166,344.43	\$ 194,270.26	\$ 27,925.83
307	Milwaukee Boulevard Project	\$ -	\$ 37,600.42	\$ 37,600.42
308	Valentine Road Project Fund	\$ 29,218.84	\$ 27,778.84	\$ (1,440.00)
309	West Valley	\$ 118,022.26	\$ 87,154.97	\$ (30,867.29)
310	Stewart/Thornton Ave Rd Project	\$ 215,384.27	\$ 363,718.70	\$ 148,334.43
333	Fire Capital Improvement	\$ 268,807.76	\$ 282,451.13	\$ 13,643.37
401	Water Fund	\$ 835,213.40	\$ 803,357.25	\$ (31,856.15)
402	Sewer Fund	\$ 291,808.49	\$ 102,565.11	\$ (189,243.38)
404	Water Revenue Bond Redemption fund	\$ 94,151.77	\$ 45,419.57	\$ (48,732.20)
406	Water Capital Improvement Fund	\$ 669,203.70	\$ 530,606.72	\$ (138,596.98)
408	Sewer Cumulative Fund	\$ 152,863.54	\$ 68,395.79	\$ (84,467.75)
409	Stormwater Fund	\$ 154,447.73	\$ 198,621.82	\$ 44,174.09
410	Stormwater Facility Fund	\$ 479,561.98	\$ 348,819.98	\$ (130,742.00)
411	Pierce County Water Area Fund	\$ 186,821.11	\$ 199,930.41	\$ 13,109.30
499	Utilities Equipment Reserve Fund	\$ 818,912.34	\$ 918,959.84	\$ 100,047.50
500	Information Technology	\$ -	\$ 95,033.54	\$ 95,033.54
601	Customer Deposits Fund	\$ 16,567.71	\$ 46,033.40	\$ 29,465.69
630	Developer Deposits Fund	\$ 97,789.54	\$ 93,200.29	\$ (4,589.25)
635	Pacific Court Fund	\$ (16,292.95)	\$ (21,609.58)	\$ (5,316.63)
640	Algona Court Fund	\$ 4,967.29	\$ 4,989.37	\$ 22.08
800	Payroll EE Benefit Clearing	\$ (5,529.06)	\$ (9,804.40)	\$ (4,275.34)
		\$ 9,851,003.00	\$ 10,285,863.27	\$ 434,860.27