

2022 Annual Financial Report Briefing & 2024 Budget Process

June 6th, 2023

John Karner | Finance Director



Agenda



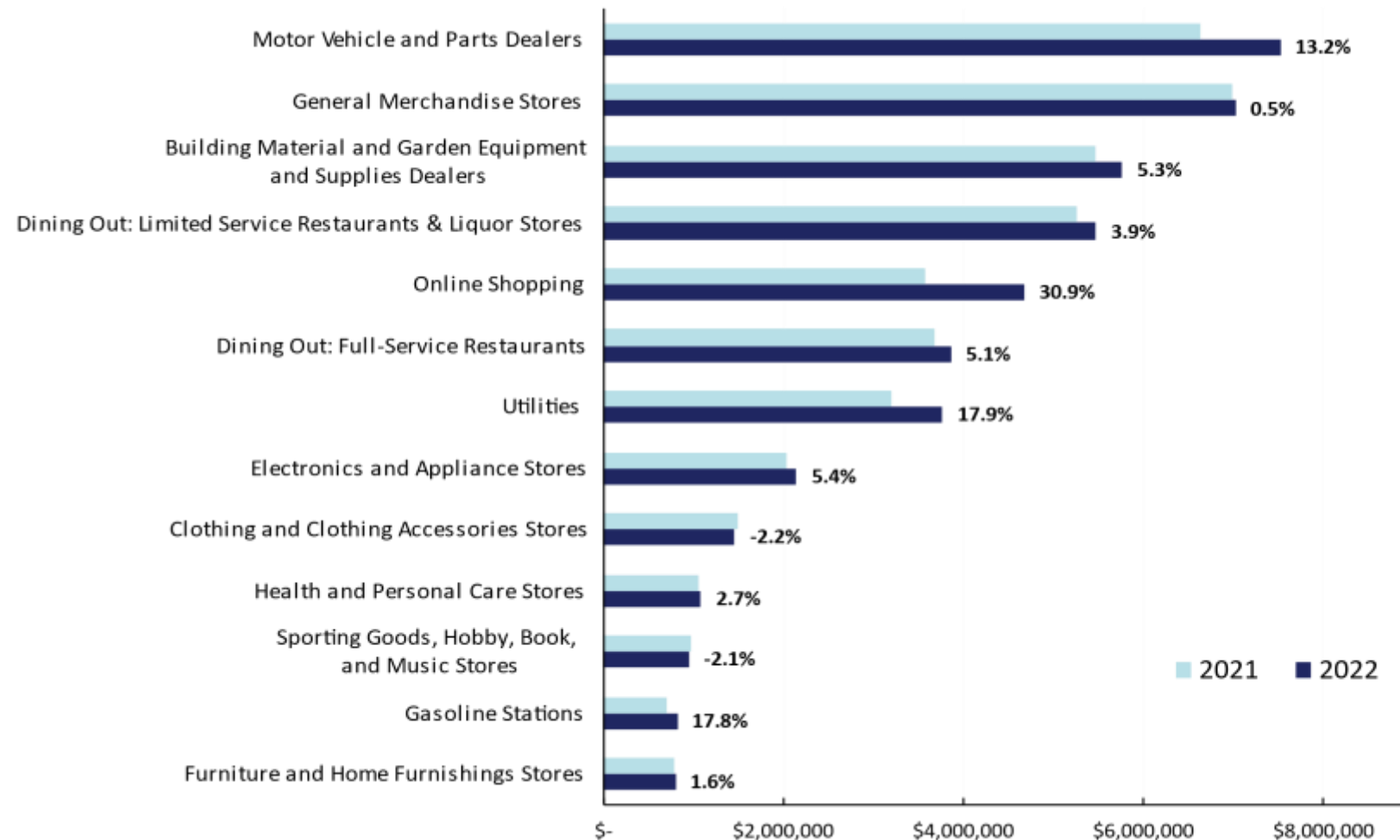
- Annual 2022 Financial Report Highlights
 - Sales Tax Revenue by Category
 - Use Tax Revenue by Category
 - Building Permits Valuation
 - Planning Fees & Building Permit Revenue
- Financial Outlook & Path Forward

2022 Annual Financial Report Highlights

City Revenue Highlights	2021 Actual	*2022 Actual	% C hange 2021 Actual vs 2022 Actual	
TAX REVENUE				
Sales Tax	\$ 76,246,237	\$ 84,901,070	\$ 8,654,834	11.4%
Property Tax	17,423,178	17,941,817	518,638	3.0%
Use Tax	13,854,831	19,176,629	5,321,798	38.4%
Food Tax	9,696,506	11,087,455	1,390,948	14.3%
Lodging Tax	620,002	642,891	22,889	3.7%
RESIDENTIAL UTILITY RATE REVENUE				
Water Rates: Residential	\$ 25,156,154	\$ 27,214,777	\$ 2,058,624	8.2%
Sewer Rates: Residential	8,378,501	9,838,766	1,460,265	17.4%
Stormwater Rates: Residential	7,651,602	8,753,492	1,101,890	14.4%
ADDITIONAL COMPARATIVES				
Development Impact Fees	\$ 17,852,705	\$ 31,379,514	\$ 13,526,808	75.8%
Oil Royalties	2,588,936	7,942,235	5,353,300	206.8%
Building Permits	2,003,116	3,417,185	1,414,070	70.6%

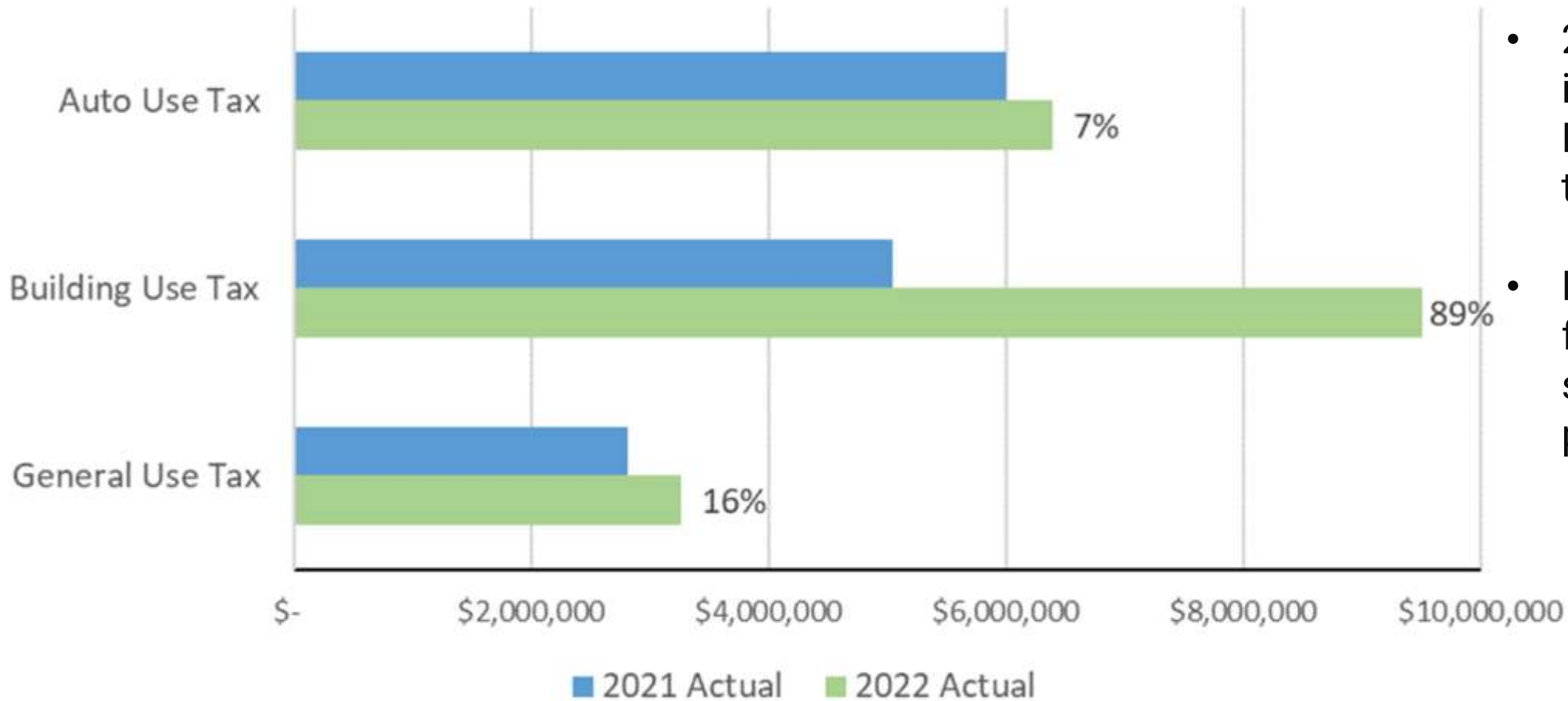
- Strong financial year driven by significant one-time revenue growth and pent-up demand coming out of COVID.
- Higher retail and utility rates with healthy economic conditions contributed to revenue growth in City's Enterprise Funds

Sales Tax Revenue by Category: 2021-2022



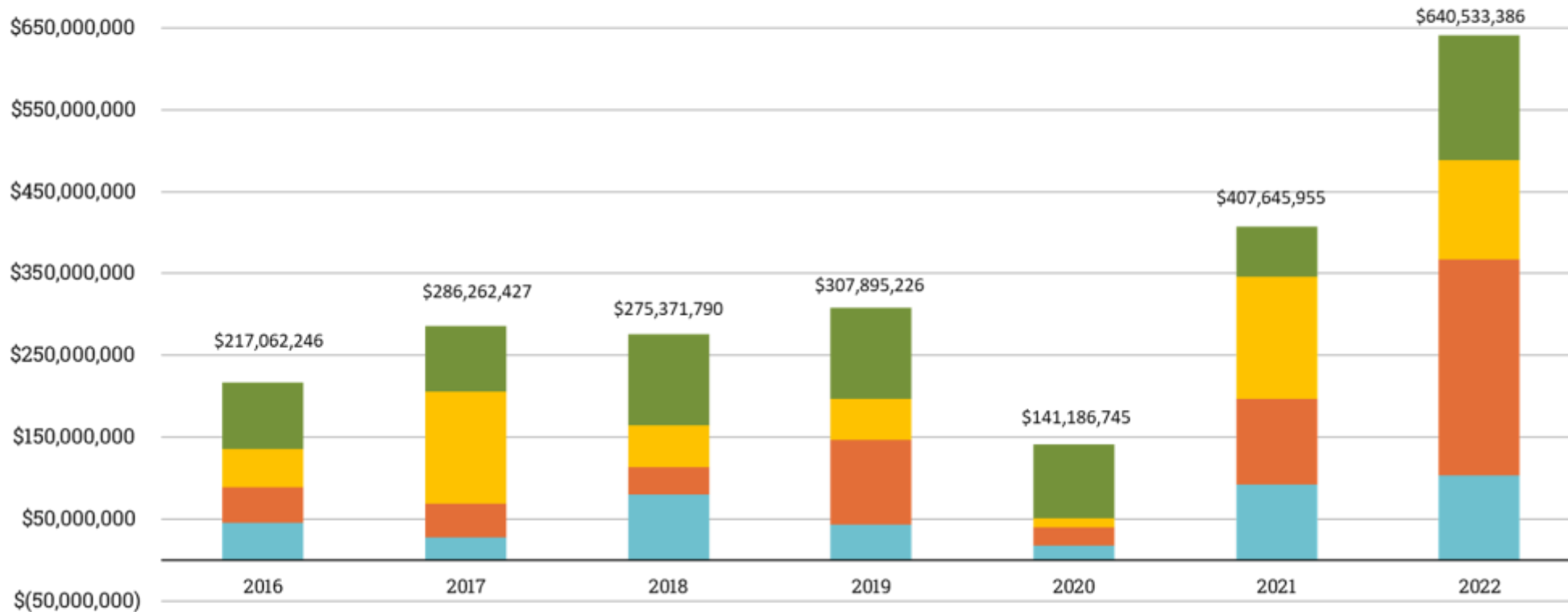
- 11% increase in sales tax revenue from 2021 to 2022 (\$8.6M)
- Category increases were driven by high prices and economic growth.
- Online shopping continues to grow; showing importance of marketplace facilitator compliance.

Use Tax Revenue by Category: 2021-2022



- 28% (\$5.3M) increase in Use Tax Revenue from 2021 to 2022
- Building Use follows trends we saw in building permit growth.

Building Permits Valuation: 2016-2022



- Other Permits*
- New Commercial
- New Multi-Family
- New Single-Family

* Other permits includes all construction permits that do not pertain to new construction, such as projects involving the repair or replacement of existing

Financial Outlook & Path Forward

- While early 2023 trends show continued sales & use tax growth, that growth has declined from highs seen in 2022.
 - YTD sales tax growth rate of 17% for Q1 in 2022 to a current growth rate of 5.6% for Q1 in 2023.
- Significant inflationary pressures continue to exist; forcing Citizens and City to adjust spending plans.
 - Slower growth seen in sales and use tax receipts.
 - Inflationary factors have required adjustments in City's capital projects planning and execution.
- Focus on adjusting back to a balanced period of growth and managing challenges of high inflation environment.
 - Managing one-time revenues wisely; strategic investments that will provide long lasting value to City.
 - Ongoing funds allocated to support continuous and sustainable City Council Priorities.
 - Expanding City's forecasting and long-term financial planning capabilities; moving toward 10+yr forecast for revenue and expenditure planning starting in 2024 budget process.

Questions and Discussion



Planning Fees & Building Permit Revenue: 2016-2022

