

Financial Update for the City Council

October 6, 2022

1. 2021 Final Budget Summary (AFR/unaudited)

- The city had 90 funds end the year with a positive balance and 6 funds ended the year with a negative cash balance (Hulman Links, Rea Park, Sanitary District Bond, CDBG, Group Health N/R, and Deming Center Bond & Interest).
- Notable 2021 fund activity.
 - General Fund (0101) total expenses came in at 2% under budget which helped the ending cash balance to improve again compared to the previous year. Note: in 2015, the General Fund ending balance was -\$8,987,257 compared to the 2021 ending cash balance of \$2,895,004 (this is an \$11,882,261 swing to the positive).
 - Hulman Links (0288) fund and Rea Park fund (0290) combined revenues exceeded the 2020 (previous record) revenues.
 - Improved ending operating fund cash reserve balances. The overall operating budget ended 2021 with a 17% cash balance (the General Fund cash balance was 8%). Note: The operating funds do not include any Redevelopment, Wastewater, or ARPA funds.
 - Temporary loan reductions. The city reduced temporary borrowing in 2021 by \$500,000. (\$3,000,000 TAW and \$1,000,000 Redevelopment).

2. 2022 Budget Status

- Overall revenue receipts to date are slightly better than the originally projected revenues. We are back on track after the pandemic related decline in some revenue streams. Note: we received a one-time supplemental distribution of Local Income Tax revenue (Certified Shares \$467,093, Public Safety \$155,583, and EDIT \$387,122).
- Overall expenses to date are generally in line with budgeted expenses except for a few lines items including supplies, gasoline, diesel, and utilities in several departmental budgets. There will be a few appropriations required in November and/or December to bring those budget line items back into a positive balance.
- The General Fund was running at 4% under budget as of June 30. I would anticipate being around 2% under budget at year end.
- Anticipated improved operating fund ending cash reserve balance. Our projections show a total operating fund reserve cash balance of 19% (this is a 2% increase over 2021). The General Fund is projected to end the year with an 11% cash reserve (3% increase over 2021). Note: The operating funds do not include any Redevelopment, Wastewater, or ARPA funds.
- Temporary loan reductions. The city again reduced temporary borrowing in 2022 by \$1,500,000 (\$2,500,000 TAW with no loans from Redevelopment). 2019 and 2020 borrowing was \$4,500,000 and 2021 was \$4,000,000. We anticipate reducing the TAW again in 2023 and to possibly end the need for a TAW in budget year 2024.

3. SBOA Audit(s)

- The 2020 audit was completed in July of this year. It was another excellent audit result with a few minor findings. Note: These report documents can easily be found on the Indiana State Board of Accounts website.
- The 2021 audit officially begins on Monday October 10, 2022. It is anticipated to be completed by the end of this year.

4. American Rescue Plan

- Terre Haute was allocated a total of \$35,936,890 in ARPA funds.
- The city received the second (and final) disbursement in May 2022
- The total of funds spent to date is \$4,644,475 which leaves a balance of \$31,292,415 for future use.
- The final guidance (rules) identifying details on the use of these funds was released in February 2022.
- All funds will need to be committed to specific projects by the end of 2024 and all funds must be expended by the end of 2026.
- The APRA Committee will meet soon to discuss potential next steps.

Prepared by:

Mayor Duke A Bennett

