

COUNCIL COMMUNICATION

Meeting Date: June 14, 2022	Agenda Item: 10C	Agenda Location: Consent Calendar	Goal(s):	Legal Review: N/A	<input type="checkbox"/> 1 st Reading <input type="checkbox"/> 2 nd Reading
Subject: Monthly Financial Report for April 2022.					
Recommended by: Kim Newhart <i>KN</i> Approved by: Kevin S. Woods <i>JH/KW</i> Presenter(s): Kim Newhart, Finance Director					Ordinance previously introduced by: _____

SYNOPSIS:

The financial report for the four-month period ending April 30, 2022 is attached.

RECOMMENDATION:

For informational purposes only.

BUDGET/STAFF IMPLICATIONS:

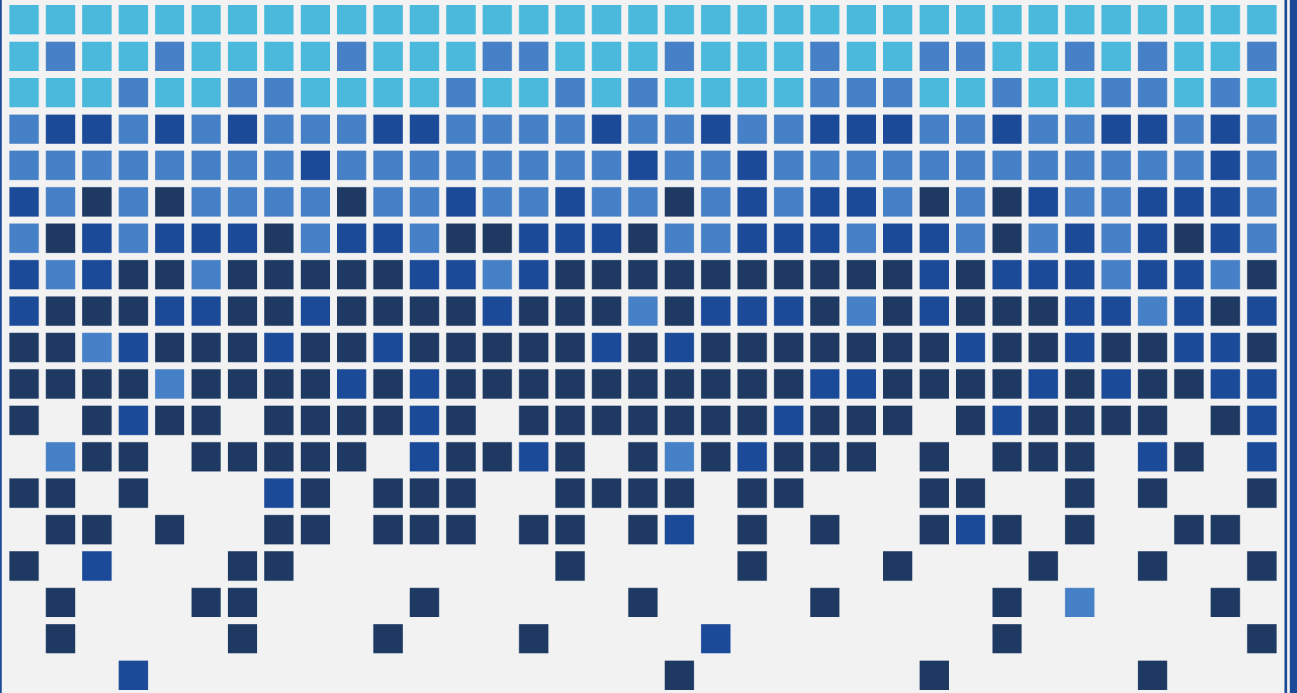
None.

ALTERNATIVES:

For informational purposes only.

BACKGROUND (ANALYSIS/NEXT STEPS/HISTORY): (includes previous City Council action)

None.



CITY OF THORNTON

MONTHLY FINANCIAL REPORT

April 2022

INTRODUCTION

The purpose of the monthly financial report is to provide regular updates of the City’s financial position to the public. Each of the City’s funds are summarized by comparing year-to-date (YTD) activity with prior year activity, as well as the 2022 Budget. This provides context to the financial data and the City’s current financial position. Substantial variances from the current year financial plan or from prior year activity will be highlighted and explained throughout this document to increase transparency and understanding for the public.

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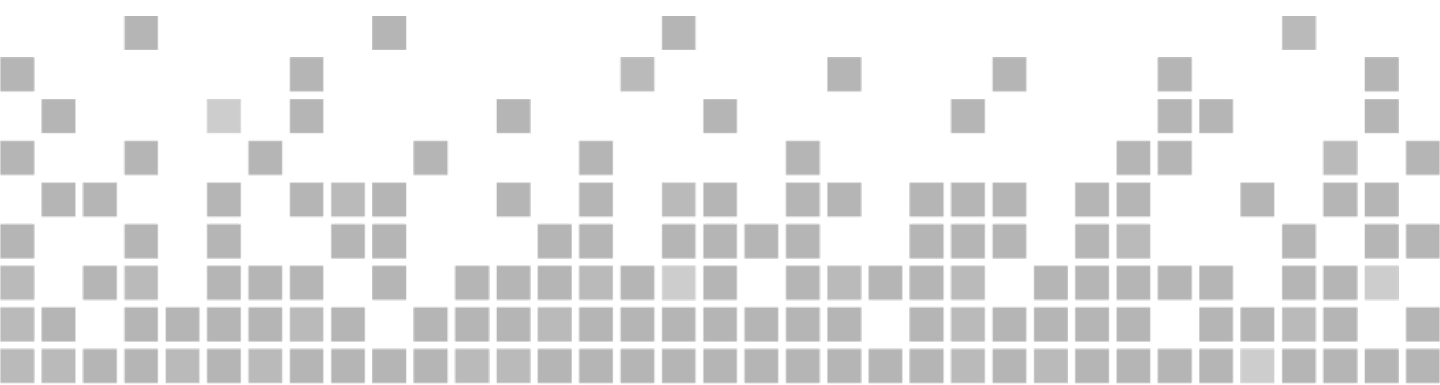
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HIGHLIGHTS AND ECONOMIC INDICATORS

HIGHLIGHTS

Retail

The April 2022 Financial Report includes sales tax generated in March and reported to the City in April. City-wide, including all Thornton Development Authority (TDA) areas, sales tax finished up 11.2% compared to the same month in 2021, and 10% year to date (YTD).

High inflation continues to result in increased prices for food and essential items. The Essential General Merchandise category is up 22% compared to March 2021, and Grocery & Convenience Stores finished up 9% compared to the same period. Due to increased gas prices and 2021 rate increases, the Electric & Natural Gas category finished up 30% compared to the same period in 2021. Tax reporting for Automobile Sales, Parts & Services, as well as Construction & Building Materials also saw significant gains compared to March 2021, with these categories finishing up 17% and 12%, respectively.

Not all sales tax categories are seeing similar results. Liquor stores finished the month down 10% compared to March 2021 and Non-Essential General Merchandise & Clothing finished the month down 2%. With the uncertainty of the current economy, and the recent and expected continued increased in interest rates, Finance will continue to monitor tax collection and determine if any adjustments are necessary to 2022 forecasted revenues.

ECONOMIC INDICATORS

Inflation

- In April, the consumer price index fell to 8.3% from 8.5% over the prior 12 months for the nation. The slight dip is said to be contributed to the fall in gas prices, but prices are expected to rise again ahead of the summer.

Source: MarketWatch: "Inflation rate slows to 8.3%..." Updated 5/11/22

Consumer Confidence

- In April, according to The Conference Board the consumer confidence decreased slightly from March. Although confidence dipped, consumers are still buying big ticket items, such as appliances and vehicles.

Source: MarketWatch Economic Report: "Consumer confidence slips..." Updated 4/26/22

Consumer Confidence Index®



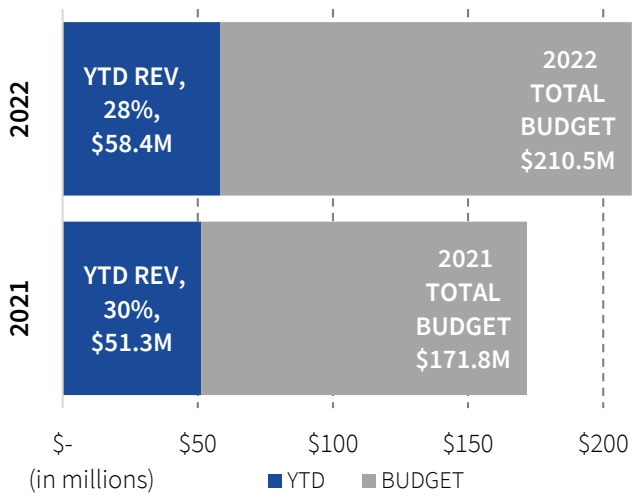
*Shaded areas represent periods of recession. Sources: The Conference Board; NBER © 2022 The Conference Board. All rights reserved.

GOVERNMENTAL ACCOUNTS SUMMARY

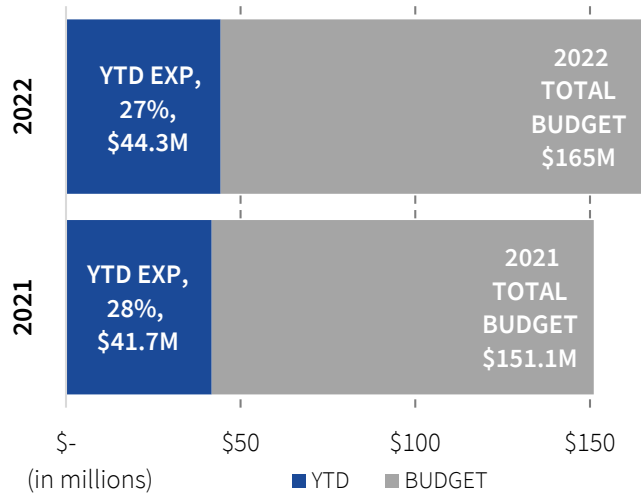
FUND OVERVIEW

The City has two main general governmental funds: the General Fund, which is the primary operating fund of the City and the Governmental Capital Fund, which funds the City’s capital improvement program. The General Fund covers the majority of City services, including police, fire and emergency medical response, parks and recreation, streets and drainage way maintenance, development services, economic development, finance, legal, and general administration activities. Sales and use tax, property tax, user fees, fines, permit fees, license fees, intergovernmental revenue, and administrative charges are the main sources of General Governmental revenue.

GOVERNMENTAL REVENUES



GOVERNMENTAL OPERATING EXPENSES



GOVERNMENTAL REVENUES: HIGHLIGHTS

Revenues are up 13.76%, or \$7M, over 2021. The increase is due to an increase in Sales, Use & Other Taxes, and Grant & Intergovernmental revenue.

GOVERNMENTAL OPERATING EXPENSES: 2022 OVERVIEW

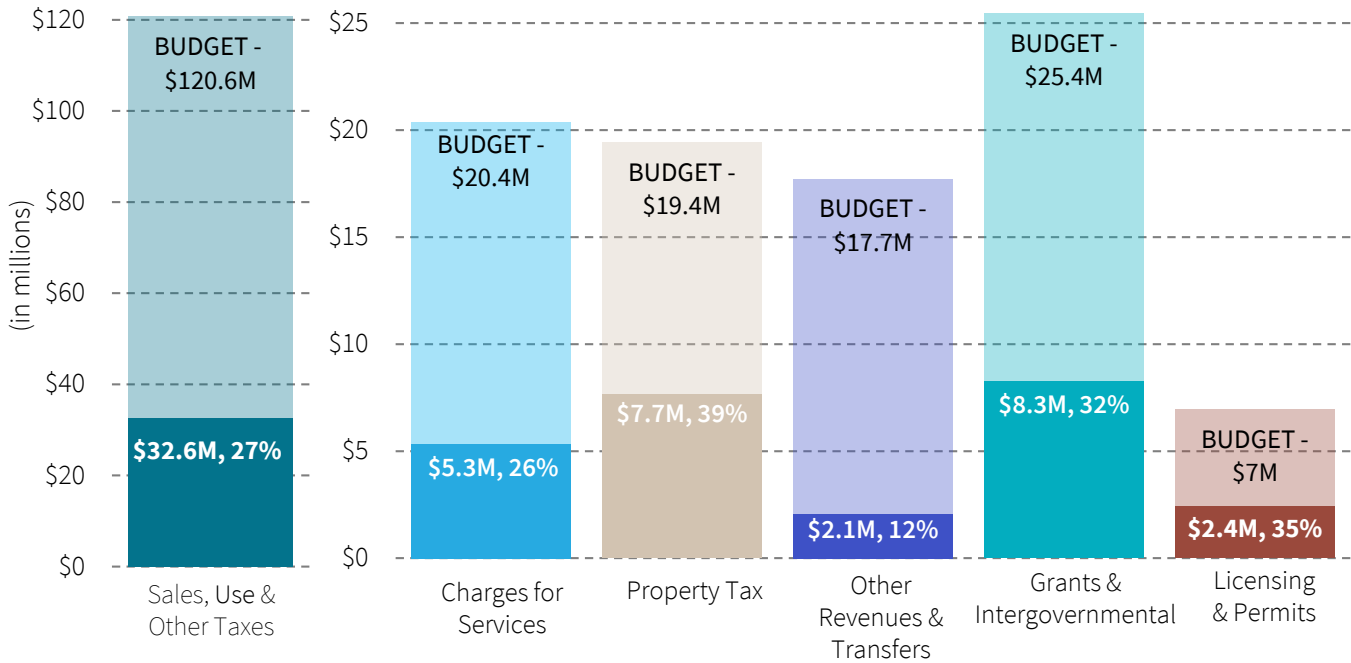
Budgeted operating expenditures increased approximately 9.2% from 2021 to 2022. The majority of this increase is due to anticipated increases in personnel costs, including:

- A 4.1% cost of living/merit adjustment for general employees,
- Funding Police and Fire collective bargaining agreements,
- A full year of staffing the new Fire Station 7 (the firefighters were hired mid-year 2021 to begin training), and
- 10 new positions.

Expenditures are currently tracking with budget.

GOVERNMENTAL REVENUES

2022 GOVERNMENTAL REVENUES BY CATEGORY – YTD AND BUDGETED



Sales, Use & Other Taxes are up 10%, or \$3M, compared to 2021.

- Sales Tax for the general government is up 8.4%, or \$1.6M, compared to 2021.
- Building and Other Use Tax is up 67.7%, or \$1.6M, compared to 2021. At this point in the year, this significant increase could be due to timing of when permits are issued, it is too early to tell if the increase will continue at this rate.

Property Taxes are up 5.73%, or \$415K, compared to 2021. Assessed Valuations increased 6.6% in 2021, property tax on these valuations are collected in 2022.

Charges for services are up 8%, or \$395K, compared to 2021. Revenues in this category include; Court, Recreation, Ambulance, and Fuel charges. Fuel Charges are for the Adams 12 consolidated Services Center.

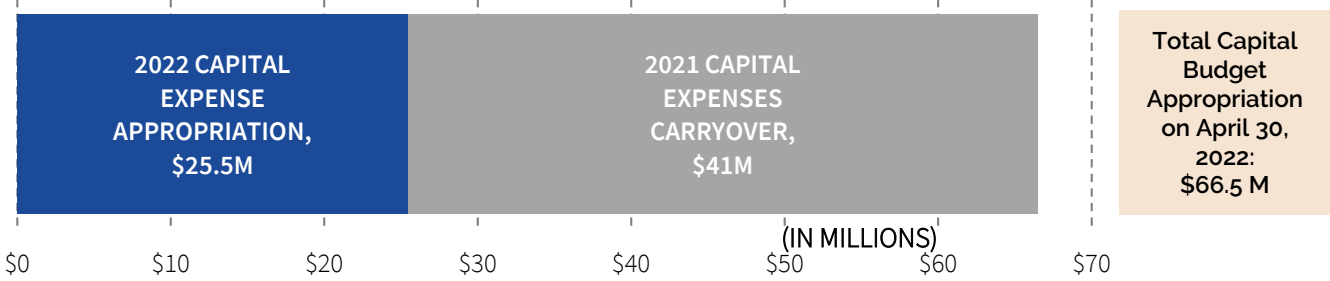
Grants & Intergovernmental revenues are up 58%, or \$3M, compared to 2021. This is due to timing of when grants are received and recorded as revenue.

GOVERNMENTAL FUNDS - REVENUE SUMMARY

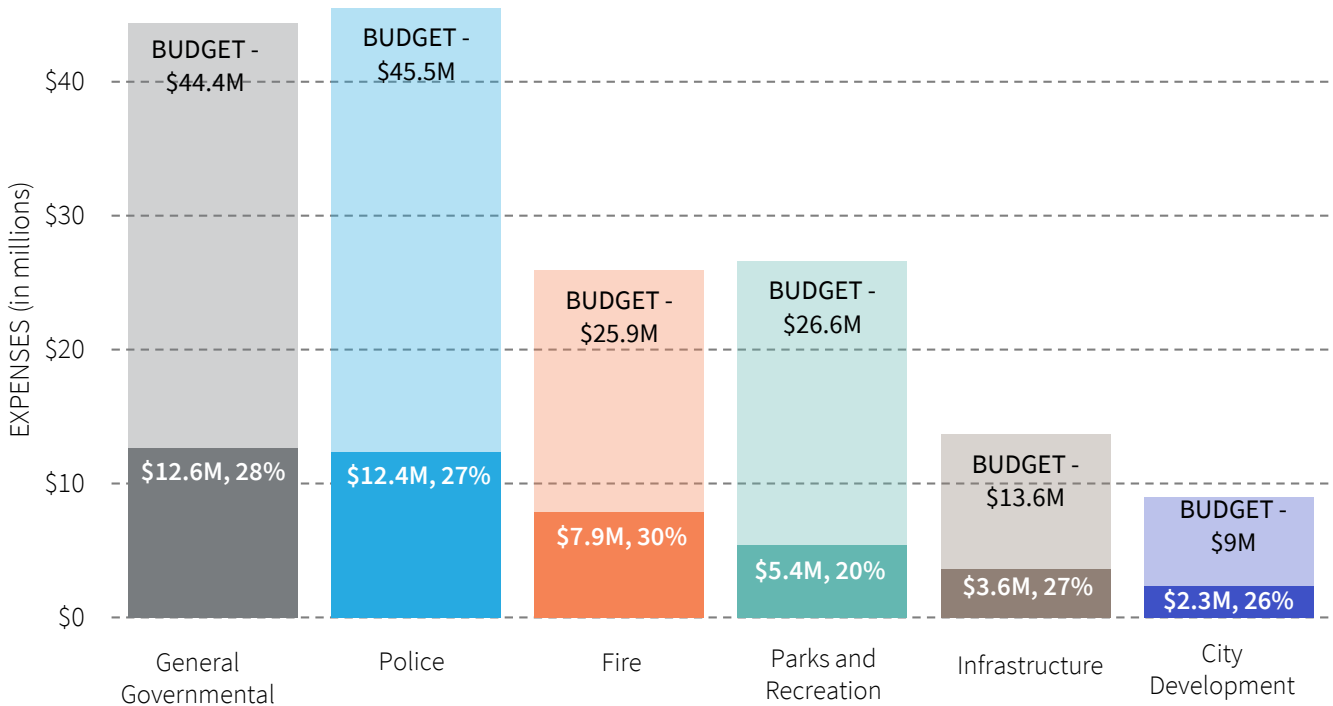
Description	Actual YTD 2020	Actual YTD 2021	Actual YTD 2022	Total Budget 2022
Sales, Use & Other Taxes	\$ 24,618,630	\$ 29,667,670	\$ 32,622,619	\$ 120,632,200
Charges for Services	4,451,048	4,940,861	5,335,480	20,361,400
Property Tax	7,251,453	7,249,548	7,664,821	19,420,500
Other Revenues	2,110,869	1,005,370	964,413	8,657,166
Licensing & Permits	1,946,999	2,293,508	2,428,775	6,956,600
Subtotal	\$ 40,378,999	\$ 45,156,957	\$ 49,016,108	\$ 176,027,866
Grants & Intergovernmental	7,937,007	5,226,958	8,258,660	25,443,800
Transfers In	1,166,482	934,550	1,104,801	9,050,934
Total Revenues	\$ 49,482,488	\$ 51,318,465	\$ 58,379,569	\$ 210,522,600

GOVERNMENTAL EXPENSES

2022 GOVERNMENTAL CAPITAL EXPENSES



2022 GOVERNMENTAL OPERATING EXPENSES BY CATEGORY YTD AND BUDGETED



GENERAL FUND - EXPENDITURE SUMMARY

Description	Actual YTD 2020	Actual YTD 2021	Actual YTD 2022	Total Budget 2022
General Government	\$ 11,322,349	\$ 11,355,604	\$ 12,642,242	\$ 44,374,514
Police	11,546,985	12,313,128	12,363,289	45,499,198
Fire	5,796,960	6,984,410	7,868,633	25,895,362
Parks & Recreation	5,510,675	5,142,091	5,415,889	26,612,069
Infrastructure	3,634,942	3,546,029	3,645,856	13,648,740
City Development	2,400,652	2,362,791	2,329,903	9,018,588
Total Expenditures	\$ 40,212,563	\$ 41,704,054	\$ 44,265,812	\$ 165,048,471

ENTERPRISE FUNDS SUMMARY

WATER FUND OVERVIEW

The Water Fund is responsible for operating, maintaining, and planning for the future of the City's water utility. The City is proud to provide quality water services, from the protection of water sources to the distribution of water to homes and businesses. Charges for services, leases, and tap fees are the main sources of Water Fund revenue.

SEWER FUND OVERVIEW

The Sewer Fund is responsible for operating and maintaining the City's wastewater collection system. While the City collects wastewater, it does not own or operate a wastewater treatment plant. The City sends wastewater to the Metro Water Recovery for treatment. Charges for services and tap fees are the main sources of Sewer Fund revenue.

ENVIRONMENTAL SERVICES OVERVIEW

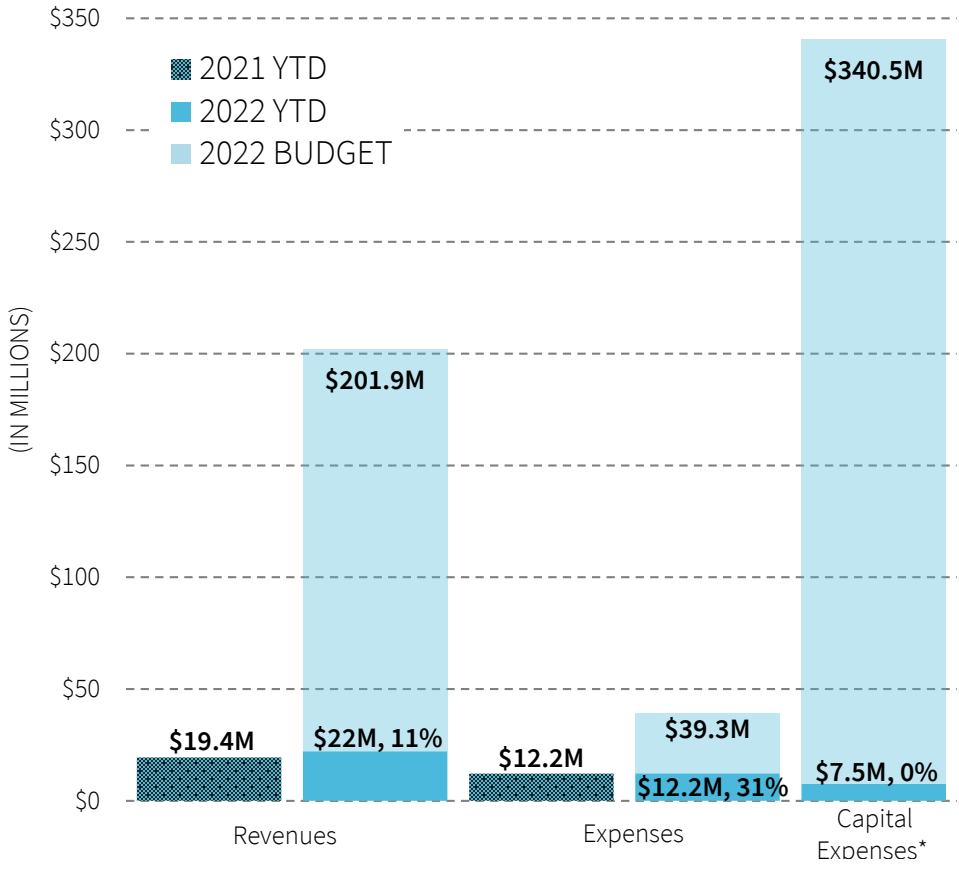
The Environmental Services Fund provides curbside trash and recycling collection services to over 30,000 homes throughout the community, as well as a number of special collection services for Thornton residents. Charges for services are the main source of Environmental Services revenue.

STORMWATER FUND OVERVIEW

The Stormwater Fund was established in 2019 and is responsible for operation, maintenance, and capital improvement projects of the drain and drainage system throughout the City. Stormwater fees are the main source of Stormwater Fund revenue.

ENTERPRISE FUND – WATER FUND

WATER FUND REVENUES & EXPENSES – YTD AND BUDGETED



Capital Expenses (including rollover appropriations) highlights:

- The City funded Advanced Metering Infrastructure, which will provide enhanced meter reading, billing, and water conservation. The City also received a large grant to help further this effort.
- The Thornton Water Project is ongoing, with design and construction continuing on several sections of pipe.

WATER FUND SUMMARY

Description	Actual YTD 2021	Actual YTD 2022	Total Budget 2022
Revenues	\$ 19,406,459	\$ 22,019,394	\$ 201,904,800
Expenses	12,158,653	12,197,617	39,278,323
Capital	16,798,583	7,505,768	340,511,665

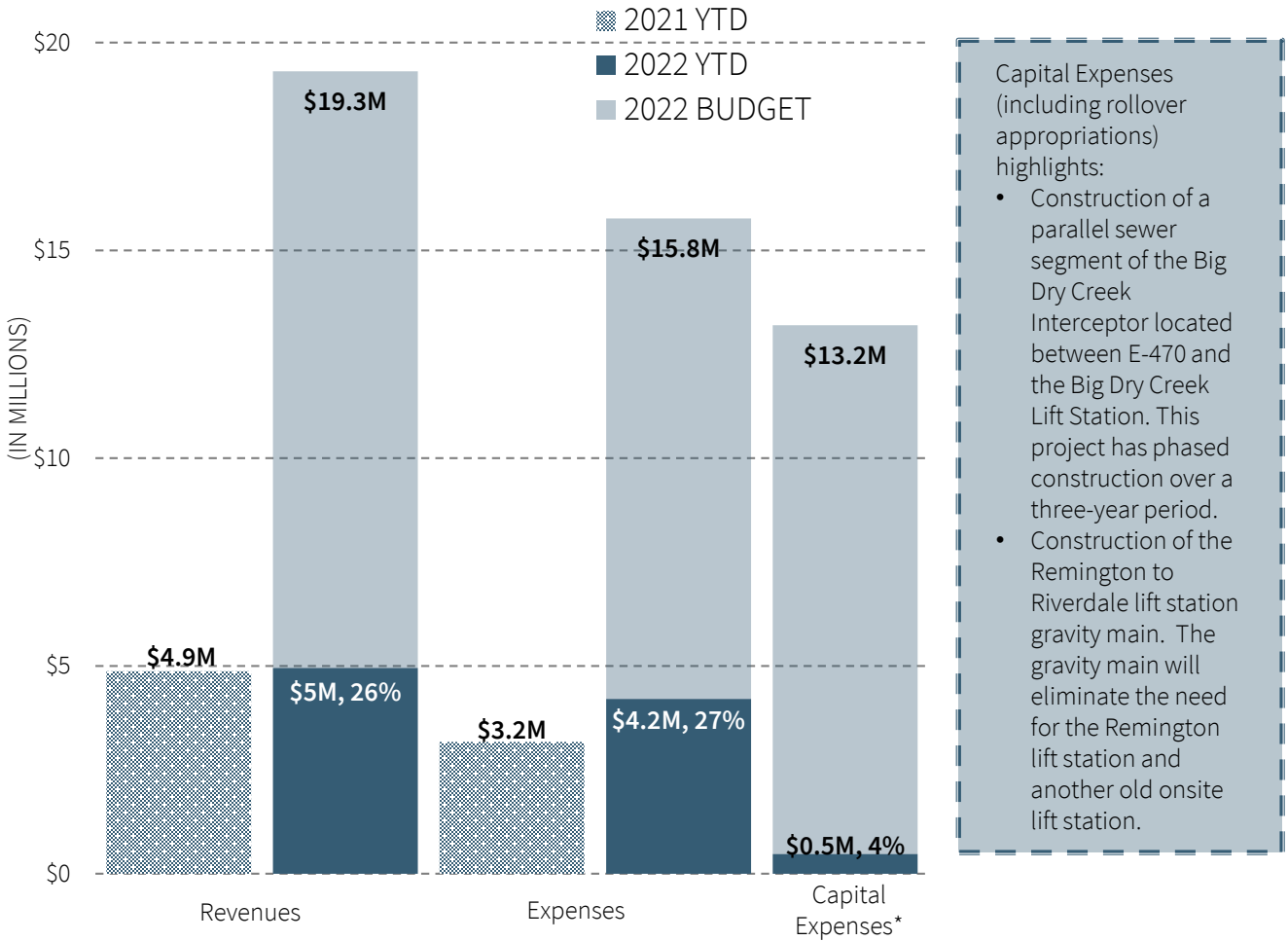
Revenues in the Water Fund are up 13.5%, or \$2.6M, compared to 2021.

- Charges for services are up 2%, or \$165K, over 2021.
- Tap and connection fees are up 28.7%, or \$1.8MK, over 2021. An increase in water connection fees became effective January 1, 2022. Although water connection fees increased, the significant increase is mostly due to the timing of when homes are completed and ready to tap into the water system.
- Lease revenue is up 20.4%, or \$555K, over 2021. The increase is due to the increase in demand and price of crude oil.

As a result of the Water Rate Study completed in 2020, water rates are approved to increase an average of 4% effective April 1, 2022.

ENTERPRISE FUND – SEWER FUND

SEWER FUND REVENUES & EXPENSES – YTD AND BUDGETED



SEWER FUND SUMMARY

Description	Actual YTD 2021	Actual YTD 2022	Total Budget 2022
Revenues	\$ 4,873,761	\$ 4,952,532	\$ 19,309,500
Expenses	3,173,803	4,205,917	15,769,551
Capital	1,809,486	474,504	13,198,926

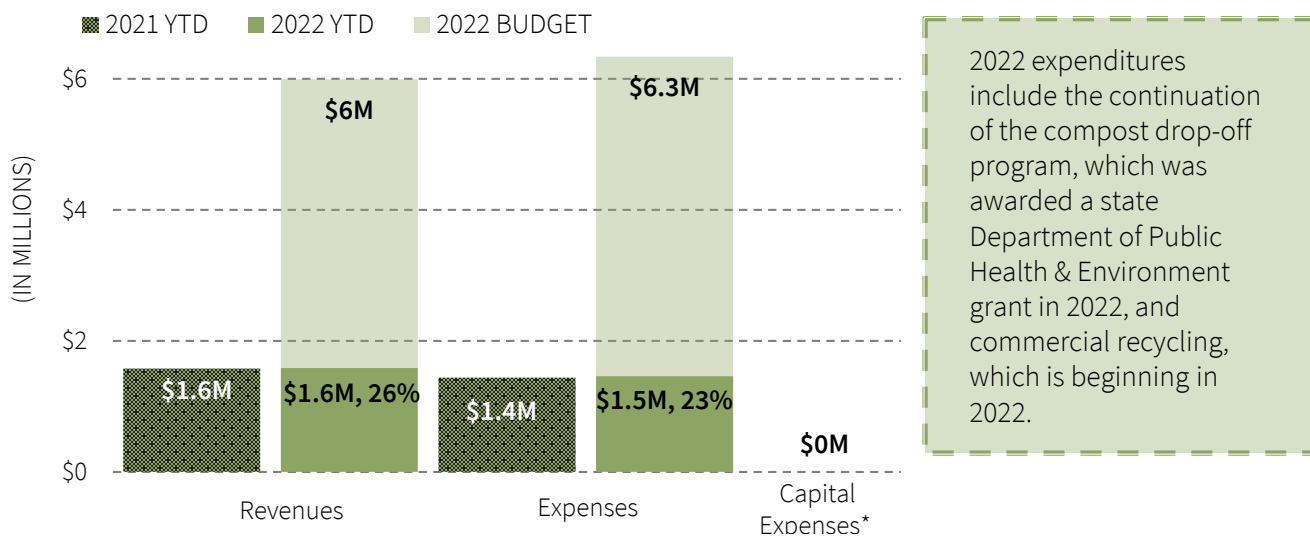
Revenues are up 1.62%, or \$79K, compared to 2021.

- Charges for services are up 1.5%, or \$62.9K, compared to 2021.
- Tap and connection fees are up 2.6%, or 14.3K, compared to 2021.

Sewer rates increased 1.5%, effective January 1, 2022. The increase is a result of the increased cost by Metro Water Recovery for treatment of the City's sewage flows.

ENTERPRISE FUND: ENVIRONMENTAL SERVICES & STORMWATER

ENVIRONMENTAL SERVICES REVENUES & EXPENSES – YTD AND BUDGETED

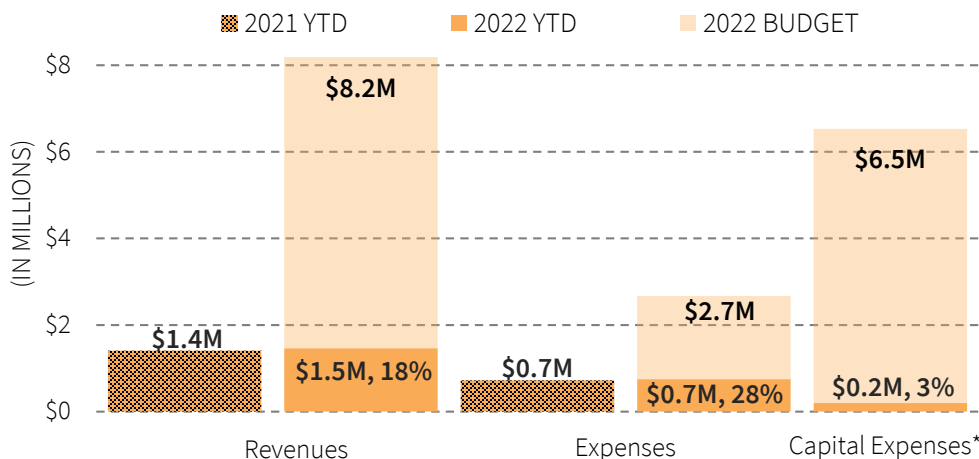


ENVIRONMENTAL SERVICES FUND SUMMARY

Description	Actual YTD 2021	Actual YTD 2022	Total Budget 2022
Revenues	\$ 1,579,071	\$ 1,586,481	\$ 5,993,400
Expenses	1,440,551	1,462,120	6,338,899
Capital	-	-	-

STORMWATER FUND REVENUES & EXPENSES – YTD AND BUDGETED

A mix of stormwater system maintenance costs, as well as capital projects, made up the bulk of the 2022 Budget.



STORMWATER FUND SUMMARY

Description	Actual YTD 2021	Actual YTD 2022	Total Budget 2022
Revenues	\$ 1,407,610	\$ 1,460,171	\$ 8,191,500
Expenses	721,370	747,051	2,672,255
Capital	1,300,465	198,393	6,530,214

OTHER FUNDS

THORNTON DEVELOPMENT AUTHORITY (TDA) FUNDS OVERVIEW

TDA North: The City Council established, by ordinance in October 2003, the North Washington Street Urban Renewal Plan to reduce, eliminate, and prevent the spread of blight within the urban renewal area and to stimulate growth and development of the North Washington Street corridor. Property tax and sale tax increment revenues are the main sources of TDA North revenue.

TDA South: The City Council established, by ordinance in October 2012, the South Thornton Urban Renewal Plan to reduce, eliminate, and prevent the spread of blight within the urban renewal area and to stimulate growth and development in South Thornton. Property tax increment revenue is the main source of TDA South revenue.

TDA 144th: The City Council established, by ordinance in November 2012, the 144th Avenue and Interstate 25 Urban Renewal Plan to reduce, eliminate, and prevent the spread of blight within the urban renewal area and to stimulate growth and development in the 144th Avenue and Interstate 25 corridor. Property tax and sales tax increment revenues are the main sources of TDA 144th revenue.

OTHER CITY FUNDS OVERVIEW

136th Avenue General Improvement District (136th GID): The 136th Avenue GID was established by City Council in 2000 to help fund the construction of an interchange at 136th Avenue and Interstate 25. Property tax revenue is the main source of 136th Avenue GID Fund revenue.

Thornton Emergency Telephone Service (E-911) Authority: The Thornton E-911 Authority was established by City Council in 2004 to collect surcharges for 911 emergency telephone services in the City and to manage the provisions of the emergency telephone service. The monthly emergency telephone surcharge remitted to the Authority is used to pay for a portion of equipment, personnel, technology maintenance, and other authorized costs pursuant to State Statute for the City to provide emergency telephone service.

Thornton Arts, Sciences and Humanities Council (TASHCO): TASHCO was established by City Council in 1991 to address the community's need for additional arts and cultural programs. TASHCO conducts fundraising, actively supports all City sponsored arts and culture events, and encourages membership and public participation.

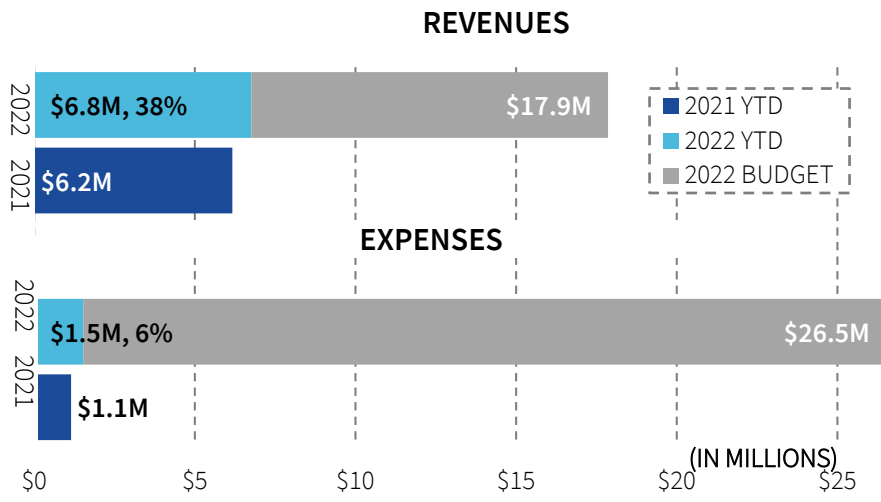
Risk: Risk Management is responsible for evaluating risk exposures throughout the City and coordinating ways to transfer and manage the exposures via contractual agreements or through insurance coverage via various insurance carriers for property casualty, workers' compensation, and general professional and public official liability. Revenues for Risk Management come from charges for service to the City's operating divisions. Revenues are constant throughout the year, though expenses will vary.

In 2022, the City switched to self-insured for one of its medical insurance options. Total budget for the fund in 2022 increased to \$17.4M from \$7.6M in the prior year, or an increase of 129%.

Revenues through April 2022 are \$6.1M, compared to \$2.6M in 2021. Expenses are \$4.6M through April 2022, compared to \$2.8M in 2021.

THORNTON DEVELOPMENT AUTHORITY

TDA NORTH* – YTD AND BUDGETED



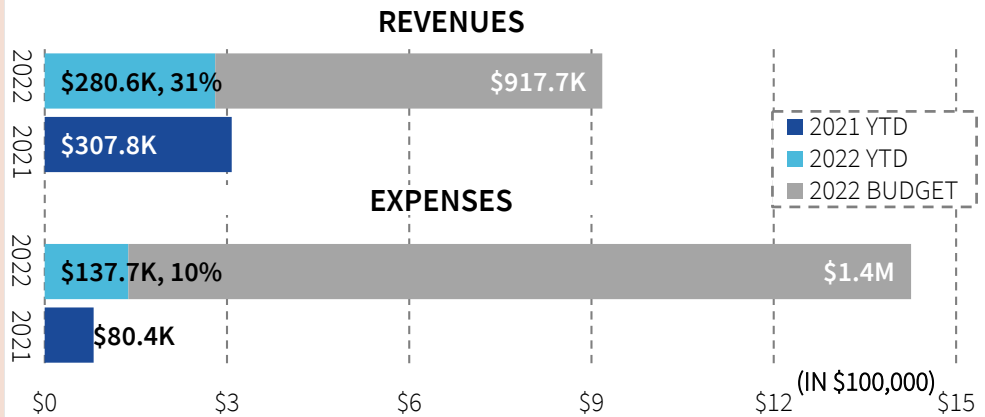
Sales tax generated in the Larkridge shopping area finished up 2% compared to the same month last year. One item impacting growth in March was a sizeable refund paid out in March 2021 for taxes overpaid in the previous month. YTD, this center is up 8%.

The 2022 Budget includes debt payments for TDA North, Washington Street widening north of 150th Avenue, beginning of the Mustang Run drainage improvements, as well as completing the Bull Canal relocation.

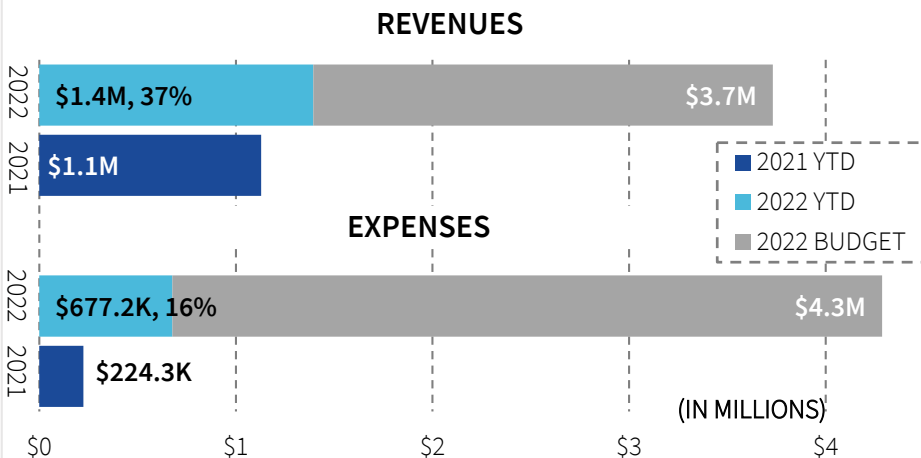
TDA SOUTH* – YTD AND BUDGETED

The 2022 Budget includes the South Thornton Attraction and Revitalization Grant, also known as the STAR Grant.

*Budgeted expenses shown for TDA North and TDA South include capital carryover from the prior year.



TDA 144TH – YTD AND BUDGETED

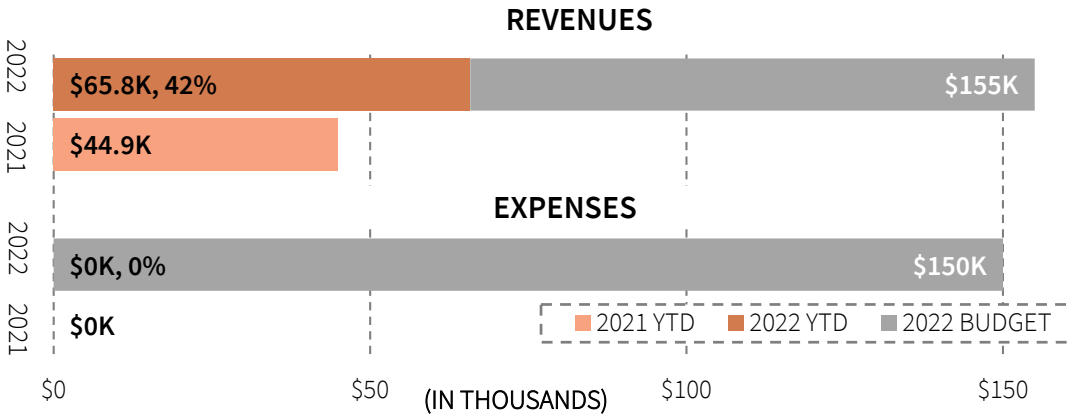


Sales tax generated at The Grove shopping center was up 12% compared to March of 2021. Multiple retailers and restaurants continue to perform well in this center.

The 2022 Budget includes debt payments for infrastructure built in the TDA 144th and payments related to revenue sharing agreements.

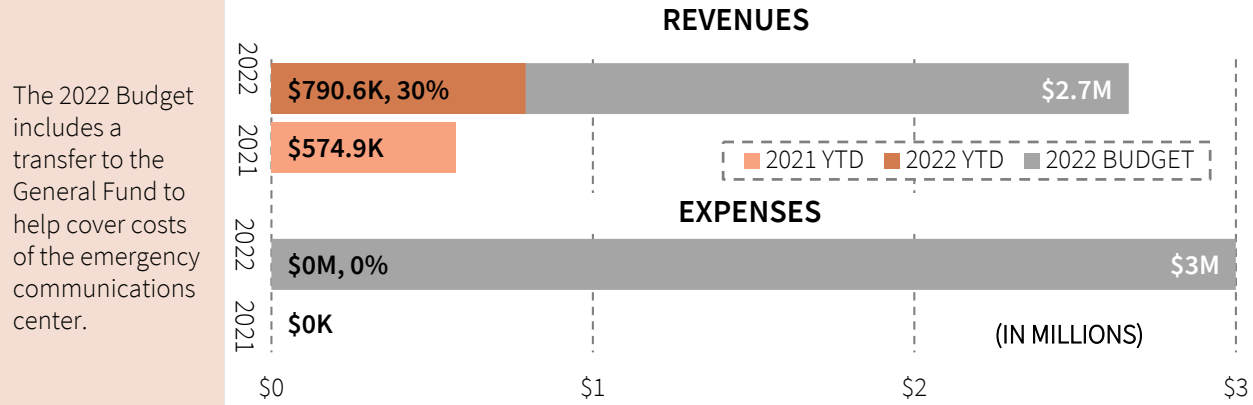
OTHER CITY FUNDS

136TH GID – YTD AND BUDGETED



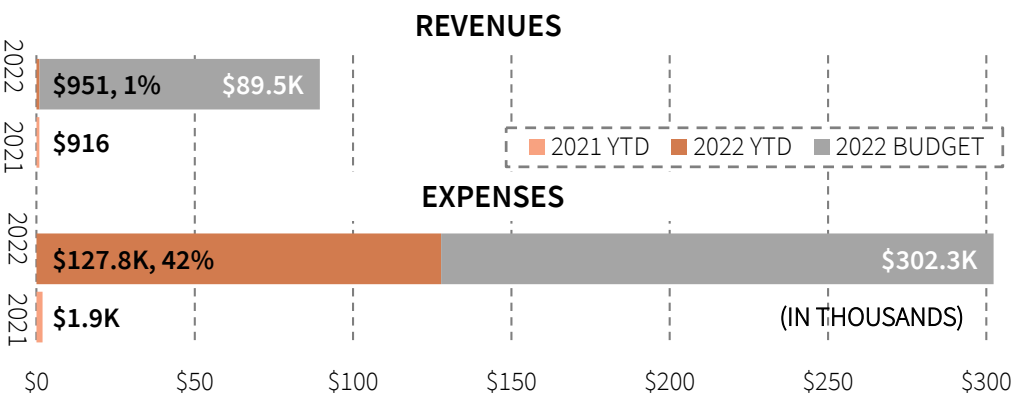
The 2022 Budget includes a transfer to the General Fund.

E-911 – YTD AND BUDGETED



The 2022 Budget includes a transfer to the General Fund to help cover costs of the emergency communications center.

TASHCO – YTD AND BUDGETED



The 2022 Budget includes carryover funding to cover public art at the 128th Avenue roundabout and funding for 2022 events and programming.

SPECIAL REVENUE FUNDS

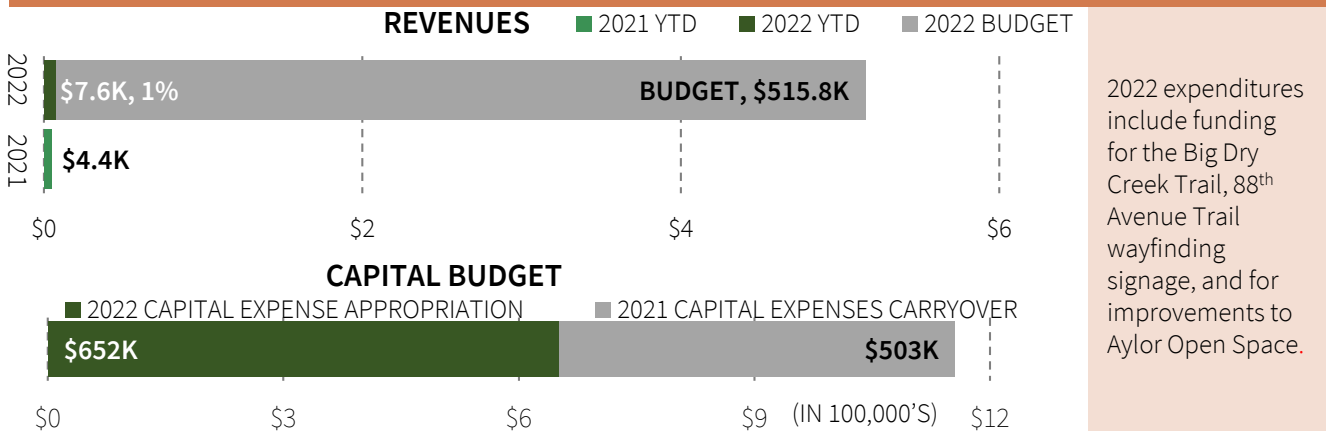
SPECIAL REVENUE FUNDS OVERVIEW

Cash in Lieu Fund: Accounts for the proceeds from developer contributions associated with different developments throughout the City. The Cash in Lieu Fund capital projects are managed by the Parks, Recreation and Community Programs Department.

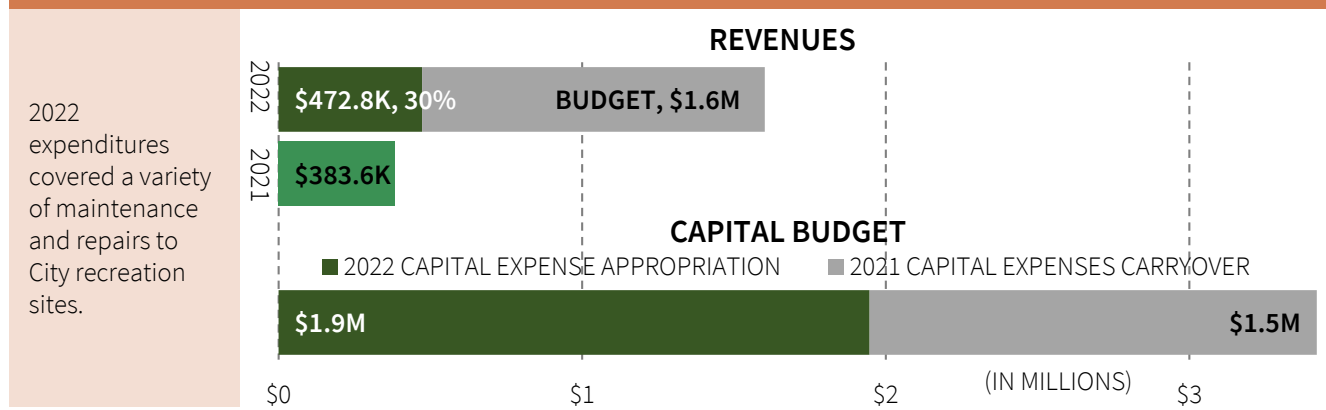
Conservation Trust Fund: Accounts for the proceeds the City receives from the Colorado State Lottery. The Conservation Trust capital projects are managed by the Parks, Recreation and Community Programs Department.

Parks, Open Space, and Parks and Open Space Funds: These three funds account for the proceeds from the City's 0.25% sales tax devoted to parks and open space. In prior years, the proceeds were divided equally between the three funds, but now all revenue is directed to the Parks and Open Space Fund. The Parks, Open Space, and Parks and Open Space capital projects are managed by the Parks, Recreation and Community Programs Department. Financial information can be found below.

CASH-IN-LIEU – YTD AND BUDGETED REVENUES & CAPITAL BUDGET

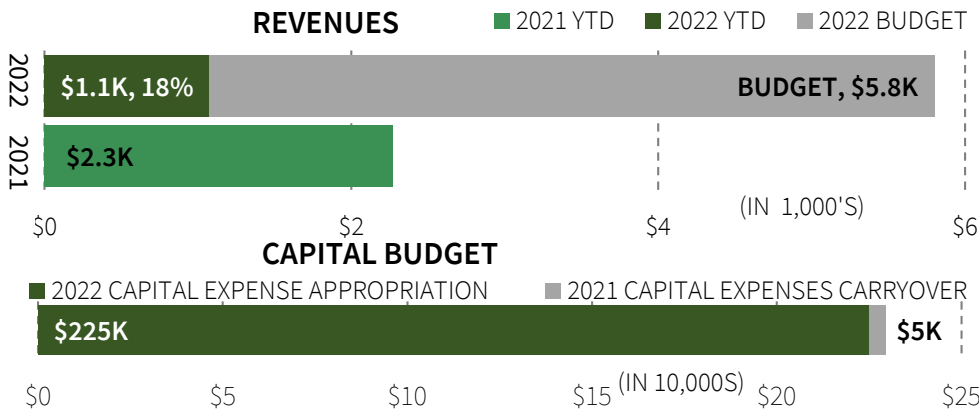


CONSERVATION TRUST – YTD AND BUDGETED REVENUES & CAPITAL BUDGET



SPECIAL REVENUE FUNDS: PARKS & OPEN SPACE FUNDS

PARKS FUND – YTD AND BUDGETED REVENUES & CAPITAL BUDGET

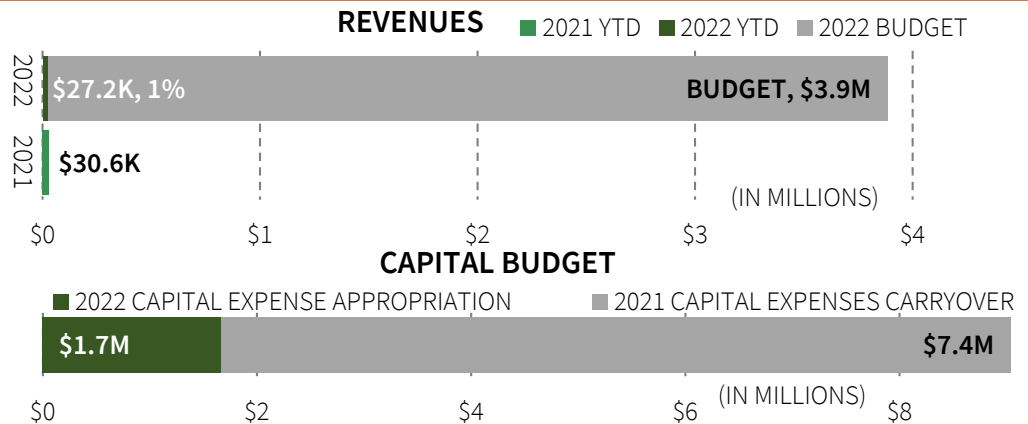


The 2022 Parks Fund Capital Budget includes funding for the Parks and Open Space Master Plan.

Total Capital Budget Appropriation on April 30, 2022: \$230K

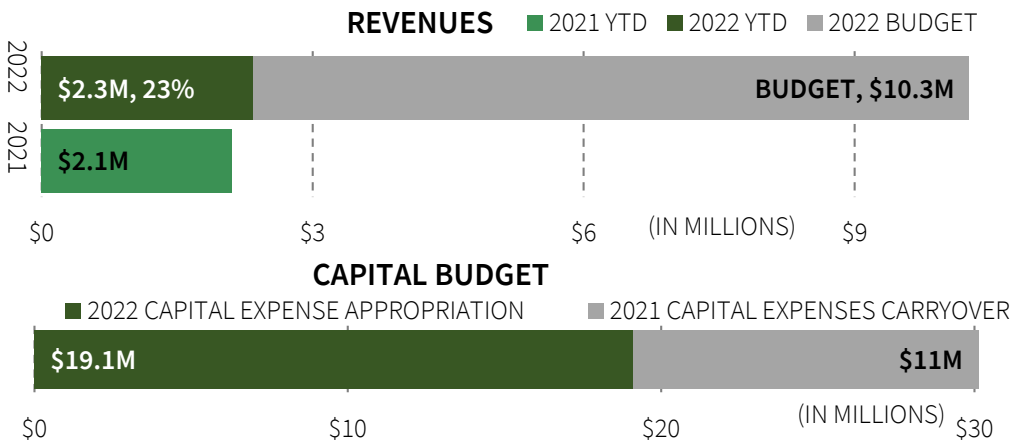
OPEN SPACE FUND – YTD AND BUDGETED REVENUES & CAPITAL BUDGET

Open Space expenditures include appropriation for trail connections throughout the City.



Total Capital Budget Appropriation on April 30, 2022: \$9.1M

PARKS & OPEN SPACE FUND – YTD AND BUDGETED REVENUES & CAPITAL BUDGET



Total Capital Budget Appropriation on April 30, 2022: \$30.1M

Parks & Open Space Budget includes payments for debt service, as well as an additional funding for the updated Community Center and lighting at all four of the City's skateparks.

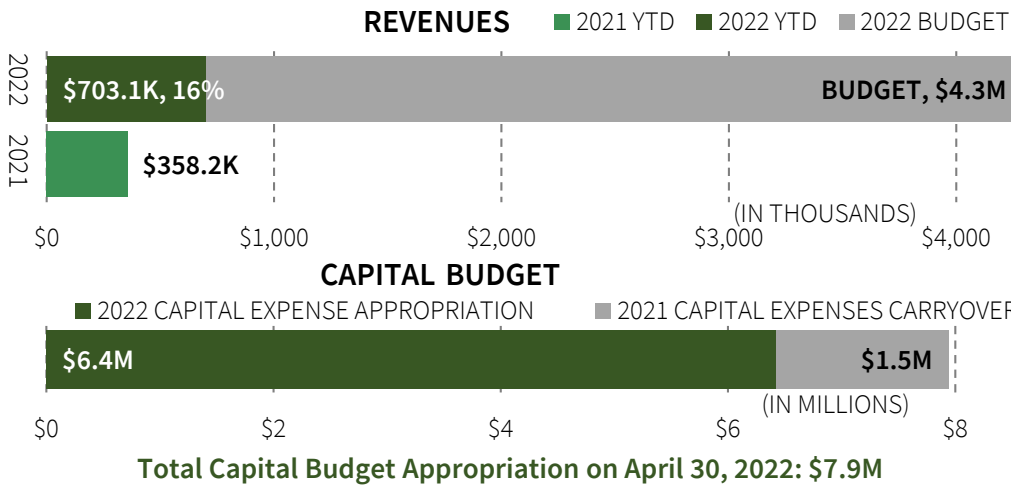
SPECIAL REVENUE FUNDS: ADAMS COUNTY FUNDS

SPECIAL REVENUE FUNDS OVERVIEW (CONTINUED)

Adams County (ADCO) Road and Bridge: Accounts for the proceeds the City receives from the ADCO Road and Bridge sales tax of 0.5%. The Adams County Road and Bridge capital projects are managed by the Infrastructure Department.

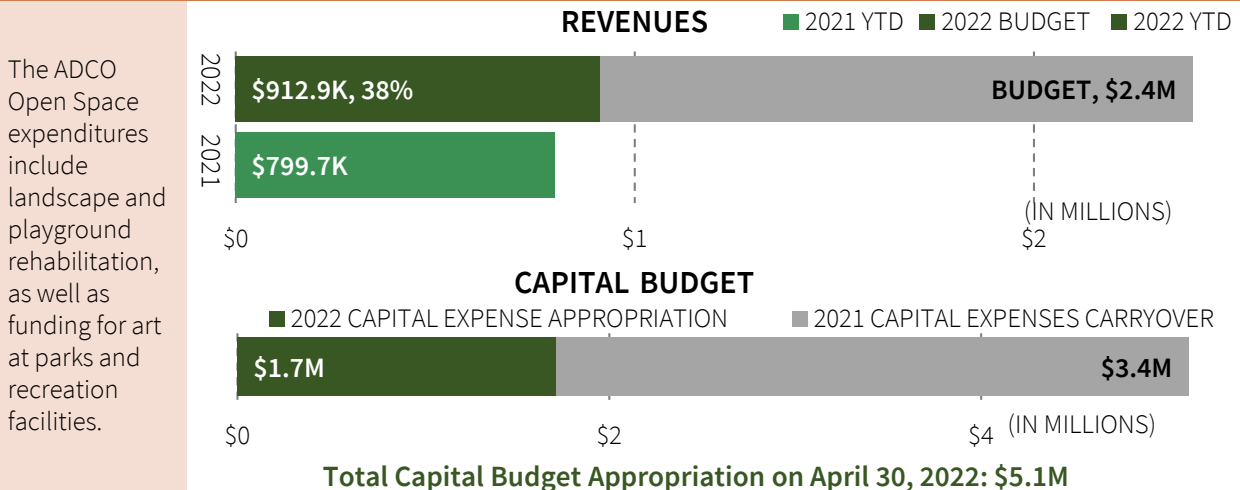
ADCO Open Space Fund: Accounts for the proceeds the City receives from the ADCO Open Space sales tax of 0.25%, as well as Open Space grant funding received through the County. The ADCO Open Space capital projects are managed by the Parks, Recreation and Community Programs Department.

ADCO ROAD & BRIDGE – YTD AND BUDGETED REVENUES & CAPITAL BUDGET



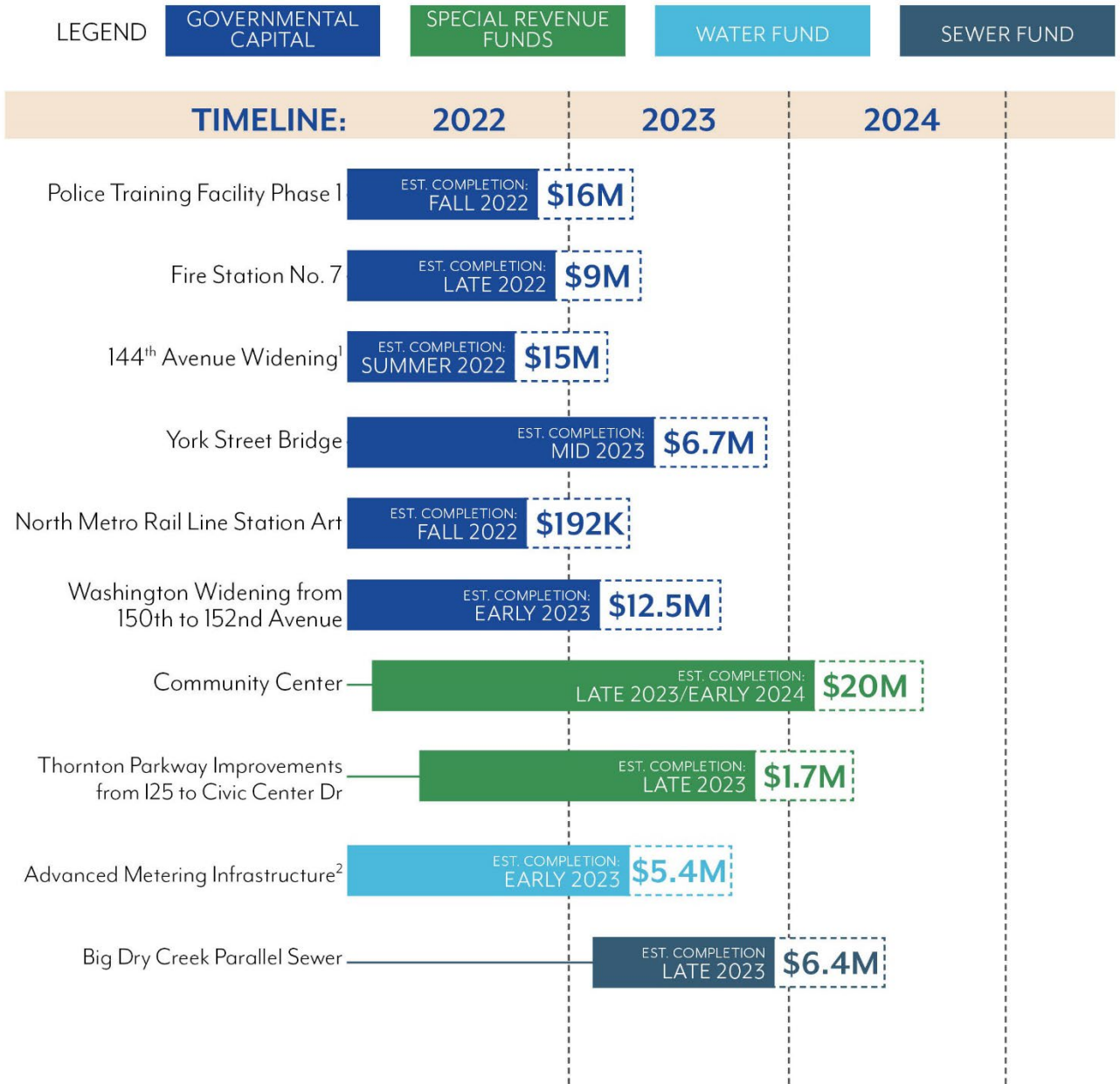
The 2022 Budget covered more than 50% of the City's Street Rehabilitation Program. The other portion is covered by the Governmental Capital Fund.

ADCO OPEN SPACE – YTD AND BUDGETED REVENUES & CAPITAL BUDGET



The ADCO Open Space expenditures include landscape and playground rehabilitation, as well as funding for art at parks and recreation facilities.

CAPITAL PROJECTS TIMELINE



Notes

¹For the 144th Avenue corridor, projects include improving the intersections at Colorado Boulevard and York Street for \$2.5M, and widening 144th Avenue from Washington Street to Colorado Boulevard for \$12.8M.

²Funding split between the Water Fund (75%) and Sewer Fund (25%)

Questions?

Contact Kimberly Newhart
(303-538-7255, Kimberly.Newhart@thorntonco.gov) or Erika Senna
(303-538-7321, Erika.Senna@thorntonco.gov)

