

change from prior year of \$16.0 million in operating revenue and a \$(3.4) million in operating expenses. Revenue increased primarily from the increase in water and sewer rates, along with an increase in usage.

Other business-type activities had changes in expenses, including the Building Inspection fund at \$(69) thousand, and the Solid Waste fund at \$(17) thousand compared to last year due to increase in city-wide cost allocation and professional services.

<u>Share of Business-Type Program Expenses & Revenues by Function</u>			
Total Business-Type Program Expenses		Total Business-Type Program Revenues	
113,944,951		165,669,039	
Program Expense by Function	Portion of Total	Program Revenue by Function	Portion of Total
Water/Sewer	90.8%	Water/Sewer	88.9%
Parking	0.9%	Parking	2.2%
Airport	0.6%	Airport	0.7%
Building Inspection	5.0%	Building Inspection	6.2%
Solid Waste	1.5%	Solid Waste	1.3%
Tennis Center	1.2%	Tennis Center	0.7%
	100.0%		100.0%

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

Governmental Funds Analysis

The City's governmental funds are categorized into four types consisting of Consolidated General, Special Revenue, Debt Service, and Capital Project funds. Each fund type has a unique purpose. Consolidated General Fund, Consolidated Fire Fund, Consolidated Street Fund, Consolidated Capital Improvement Fund, Consolidated Park Impact Fees Fund, American Rescue Plan Act Fund and General Obligation Debt Service Fund are classified as major funds for the purposes of this report, based on criteria set forth by the Government Accounting Standards Board (GASB).

The Consolidated General Fund is the primary governmental fund. Consolidated General Fund revenues experienced a net change of 8.7% over the prior year. The largest positive contribution to the revenues came from an increase in sales tax, driven by multiple rounds of fiscal stimulus. During 2021 residents continued greater reliance on internet shopping compared to historical trends. As a result, the City was able to re-capture sales tax that likely was avoided by residents making purchases on the Oregon side of the river. The construction activity was also unprecedented, resulting in a large amount of one time retail sales. During 2021 the City's recreation centers opened up after being largely closed due to the restrictions placed on operations by the Washington Governor's emergency declarations during 2020. This resulted in the increase in Charges for Services of approximately \$1.2 million during the year. The City's Business License Surcharge program, suspended during 2020, re-started in 2021 with some exceptions. There was also a rate increase on utility rates, resulting in an increased utility tax revenue to the Utilities and to the General Fund.

Consolidated General Fund expenditures accounted for 41.4% of total governmental funds' expenditures for the year. Ending fund balance of the Consolidated General Fund changed by \$31.6 million. Its fund balance includes a number of non-cash activities. The ending cash balance of the fund changed by \$27.0 million. In late 2021-2022 the City started a paced transition of staff to the office environment and opened City Hall to residents. Council meetings transitioned to an in-person format combined with on-line participation options. A number of new programs were started in 2021 in the General Fund, including an enhanced in-house Diversity, Equity and Inclusion program, expanded Economic Development program, expanded Services for unsheltered individuals and the General Services program. All of these programs are led by new city directors and have additional staff to manage the program needs.

The Consolidated Fire Fund is a special revenue fund that encompasses both the operations and the equipment for the City's fire departments and Clark County Fire Protection District No. 5. Services provided by this fund include firefighting, emergency medical services and rescue. As reported in the Statement of Revenues, Expenditures and Changes in Fund Balances, major funding for the Consolidated Fire Fund is provided by Clark County Fire District No. 5 for services the City provides to its service district and transfers from the City's Consolidated General Fund. The Consolidated Fire Fund in 2021 accounted for 22.2% of the governmental funds expenditures - a change of \$3.2 million from the prior year due primarily to an increase in personnel costs and supplies. The fund balance changed by \$(0.6) million as expenses were slightly higher than revenues and transfers in.

The Consolidated Street Fund is a special revenue fund comprised of the two City funds that provide for street maintenance and pavement management. Revenues have historically been derived from tax contributions distributed from the Consolidated General Fund, state shared gasoline tax, an excise tax of ¼ of 1% of property value of transferred property and rents and royalties. A total of