



Fiscal Year 2021/22 Quarterly Financial Report For the Quarter Ended March 31, 2022

The quarterly financial report provides an overview of the City of Rocklin's (City) current financial position. The City departments and the Administrative Services - Finance Division evaluate budget-to-actual performance for fiscal soundness or potential issues requiring immediate action, any necessary mitigating plans, or operational changes required.

The Fiscal Year (FY) 2021/22 approved budget includes \$98.7 million for operations and capital improvements for all funds, and \$54.8 million in the General Fund. In December, 2021, and March, 2022, the City Council amended the FY 2021/22 Approved Budget, reflecting the priorities and budget appropriations necessary to support change orders for various projects, and operations. The FY 2021/22 revised budget totals \$100.5 million with \$14.3 million in capital improvements for all funds. For the General Fund, expenditure budget totals \$55.7 million, including \$2.1 million in capital improvements.

Economic Development Update

Labor Market Data

The City of Rocklin's unemployment rate was at 2.5% in March 2022, with a labor force of 35,200 and employment at 34,400. The unemployment rate in the Sacramento--Roseville--Arden-Arcade MSA was 3.7% in March 2022, down from a revised 4.4% in February 2022, and below the prior year estimate of 7.6%. This compares with an unadjusted unemployment rate of 4.2% for California and 3.8% for the nation during the same period. The unemployment rate was 3.3% in El Dorado County, 2.8% in Placer County, 4.0% in Sacramento County, and 3.7% in Yolo County.

Between March 2021 and March 2022, total jobs in the region increased by 53,100 or 5.3%.

- Leisure and hospitality continued to lead the year-over-year growth with the addition of 17,600 jobs. Accommodation and food services picked up 13,900 jobs, while arts, entertainment, and recreation added 3,700 jobs.
- Trade, transportation, and utilities employment rose by 7,300 jobs since last March. Transportation, warehousing, and utilities picked up 3,400 jobs, retail trade up by 3,200 jobs, and wholesales trade increased by 700 jobs.

- Government payrolls expanded by 6,600 jobs with job growth in local government gained 4,900 jobs and state government up by 1,700 jobs.

Between February 2022 and March 2022, combined employment in the counties of El Dorado, Placer, Sacramento, and Yolo increased by 9,600 to total 1,050,500 jobs.

- Employment in leisure and hospitality continued to increase from February to March, adding 2,300 jobs. Accommodation and food services rose by 2,100, posting the largest gain for the industry. Arts, entertainment, and recreation picked up 200 jobs.
- Government added 1,900 jobs in March with job growth in local government up by 1,800 jobs and state government by 200 jobs. Meanwhile, federal government lost 100 jobs.
- Trades, transportation, and utilities reported month-over-month increase of 1,200 jobs. Retail trade expanded by 1,100 jobs, while wholesale trade picked up 300 jobs. These gains were partially offset by a decline in transportation, warehousing, and utilities (down 200 jobs), following a large increase in the previous month.
- Other sectors such as professional and business services, construction, education and health services and farm picked up 3,600 jobs.

While employers are continued to add jobs at a solid pace, supply challenges worsened. In addition, Freddie Mac reported in early May that 30-year mortgage rates reached 5.27%, the highest level since 2009.

Residential Real Estate

Home sales in the City have declined, however, prices remain strong. For the period of July 2021 through March 2022, the number of single family detached home sales was down 17% from the prior year. For the same period the average home price was up by 17%.

Sales Tax Data

Rocklin's sales tax revenues from October through December 2021 were up 3% (net of aberrations) above the fourth quarter in 2020. Rising fuel prices did little to cut consumption and travel while the dining public opted to dine out more often than usual. The auto/transportation group, the City's largest industry group, was flat. Spending on boats and motorcycles continued to decline following the sharp rise at the end of 2020 and first quarter of 2021. Net of adjustments, taxable sales for all Placer County grew 10.1% over the comparable time period.

General Fund Revenues

The following chart reflects the current fiscal year's budget to actual revenues through March 31, 2022, and the comparative budget to actual revenues from the prior year for the same period.

General Fund Revenue Summary For the Quarter Ended March 31, 2022

Revenue Category	Budget	Expended		Budget	Expended	
	FY 2020/21	through 03/31/2021	% Expended FY 2020/21	FY 2021/22	through 03/31/2022	% Expended FY 2021/22
Property Tax	18,705,500	10,409,370	55.6%	19,693,700	11,057,472	56.1%
Sales and Use Tax	14,730,300	11,576,505	78.6%	17,770,800	12,996,272	73.1%
Building Permits	2,907,000	3,452,068	118.8%	3,016,700	2,825,987	93.7%
Franchise	2,322,900	848,085	36.5%	2,369,400	890,571	37.6%
Other Revenues	12,557,800	6,704,220	53.4%	12,477,300	6,497,474	52.1%
Total	\$ 51,223,500	\$ 32,990,248	64.4%	\$ 55,327,900	\$ 34,267,776	61.9%

General Fund operating revenues are within budgetary expectations as of March 31, 2022. Year to date through March 31, the City's General Fund revenue is \$34.3 million, which is 61.9% of General Fund total resources expected to be received for FY 2021/22. It is consistent with prior years as the second property tax revenue will be received in June 2022.

Property Tax. Property taxes are the largest General Fund revenue source, accounting for approximately 36% of all General Fund revenues. Most of the City's secured property tax revenues are received in mid-January and mid-May.

Sales and Use Tax. Sales and use taxes make up approximately 32 percent of General Fund revenues. Sales tax is imposed on the total retail price of any tangible personal property and the use or storage of such property. The City has received three full quarters and a portion of the FY 2021/22 3rd quarter sales tax revenue through the reporting period. Through March 31, approximately \$13 million of sales tax revenues have been received compared to \$11.6 million in the same period last year. The FY 2021/22 sales tax budget of \$17.7 million is significantly higher than the FY2020/21 budget of \$14.7 million (19.8%). Recent estimates provided by the City's sales tax consultant, HdL, are consistent with the budget. Sales tax is volatile and can change quickly, therefore staff constantly monitors sales tax revenues for signs of above or below budget performance.

Building Permits. Year-to-date building permit revenue is \$2.8 million (93.7% of budget) compared to \$3.5 million (118.8% of budget) one year ago. At this time, permits appear to be on track to meet budget.

Franchise Tax. Franchise tax includes fees from gas, electric, garbage, and telecommunication services. Year-to-date franchise tax revenue is \$890,571 (37.6% of budget) compared to \$848,085 (36.5% of budget) one year ago. At this time, franchise tax appears to be on track to meet budget.

Other Revenues. Other General Fund revenue sources are within budgetary expectations. Revenues in form of transfers in from other funding sources for the services provided by staff budgeted in the General Fund (\$5.2 million) will be processed in the fourth quarter of FY 2021/22. Staff will continue to monitor all revenue sources and provide an update as part of the FY 2021/22 Fourth Quarter Financial Report.

Department Revenues and Expenditures

The following charts reflect comparative budget to actual information for the General Fund departments.

General Fund Department Revenue Summary For the Quarter Ended March 31, 2022

Department	Budget	Expended		Budget	Expended	
	FY 2020/21	through 03/31/2021	% Expended FY 2020/21	FY 2021/22	through 03/31/2022	% Expended FY 2021/22
Community Development	4,754,000	4,392,742	92.4%	4,230,900	3,726,781	88.1%
Fire	445,100	710,066	159.5%	514,500	678,959	132.0%
Parks & Recreation	1,733,600	554,319	32.0%	1,723,800	1,356,657	78.7%
Police	1,557,400	904,530	58.1%	1,436,900	848,328	59.0%
Public Services	271,400	184,031	67.8%	145,700	168,236	115.5%
Total	\$ 8,761,500	\$ 6,745,688	77.0%	\$ 8,051,800	\$ 6,778,961	84.2%

General Fund Department Expenditure Summary For the Quarter Ended March 31, 2022

Department	Budget	Expended		Budget	Expended	
	FY 2020/21	through 03/31/2021	% Expended FY 2020/21	FY 2021/22	through 03/31/2022	% Expended FY 2021/22
City Council	47,500	33,126	69.7%	97,800	74,190	75.9%
City Manager	1,110,100	701,320	63.2%	1,217,300	725,439	59.6%
City Attorney	997,100	630,346	63.2%	1,108,800	534,428	48.2%
City Clerk	316,200	240,539	76.1%	350,700	228,522	65.2%
Administrative Services	6,055,400	3,561,367	58.8%	5,390,300	3,329,764	61.8%
Community Development	4,914,000	2,974,908	60.5%	5,248,000	3,077,805	58.6%
Fire	11,436,400	8,220,127	71.9%	12,574,400	8,918,639	70.9%
Parks & Recreation	4,485,700	2,714,176	60.5%	4,643,100	2,820,454	60.7%
Police	19,110,100	12,999,704	68.0%	20,359,400	13,215,811	64.9%
Public Services	3,490,200	2,377,392	68.1%	3,500,700	2,243,676	64.1%
Total	\$ 51,962,700	\$ 34,453,005	66.3%	\$ 54,490,500	\$ 35,168,727	64.5%

Departments have expended approximately 64.5% of their total budget in the General Fund for FY 2021/22. Expenditures are generally incurred as needs arise and not equally throughout the year.

Revenues and expenditures are within budgetary expectations as of March 31, 2022. Staff will continue to monitor and return to the City Council with the FY 2021/22 Fourth Quarter Financial Report in the Fall of 2022.