



MEMORANDUM

DATE: October 19, 2022

TO: Corri Spiegel, City Administrator
Mallory Merritt, CFO/Assistant City Administrator

FROM: Hanna Whitehurst, Budget Analyst

RE: FY 2023 Monthly Financial Update – Through August 2022

Below is a summary report of the City's main operating funds as of August 31, 2022 for FY 2023. Information is provided for the General Fund, Trust & Agency Fund, Local Options Sales Tax Fund, and Employee Health Fund. As the year advances, projections are expected to stabilize.

General Fund Expenditures

As of the end of August, General Fund operating departments ended below expected spending levels. With 16.7% of the year completed, 15.9% of overall budgeted expenditures have been spent. Payroll costs, which are the main driver of the General Fund, are at 14.9% of budgeted levels, which is above the expected level of 14.0% due to one-time payments in July associated with collective bargaining agreements. Payroll costs are expected to return to anticipated levels following the third payroll cycle in December.

OVERALL DEPARTMENT BUDGET SUMMARY			
Department	Budget	YTD	%
City Council	336,673	63,954	19.0%
Mayor's Office	129,792	17,655	13.6%
Finance	1,595,963	231,630	14.5%
Administration	897,387	115,912	12.9%
Information Technologies	-	(15,237)	-
Human Resources	818,719	130,060	15.9%
Comm. & Econ. Dev.	646,002	111,103	17.2%
Civil Rights	392,806	69,342	17.7%
Dev. & Nbhd. Svc. Dept.	2,163,497	307,161	14.2%
Public Works	3,320,965	357,309	10.8%
Police Department	20,008,361	3,306,686	16.5%
Fire Department	13,738,702	2,172,177	15.8%
Parks & Recreation	4,623,693	830,480	18.0%
Library	2,720,232	481,357	17.7%
Total	51,392,792	8,179,589	15.9%

OVERTIME SUMMARY			
Department	Budget	YTD	%
Finance	2,600	15	0.6%
Human Resources	-	19	N/A
Civil Rights	-	352	N/A
Community Dev	-	36	N/A
DNSD	2,000	3,633	181.7%
Public Works	67,500	4,960	7.3%
Police	570,858	48,858	8.6%
Fire	211,100	195,252	92.5%
Parks	29,500	9,129	30.9%
Library	5,135	114	2.2%
Total	888,693	262,369	29.5%

There are currently no departments with a variance of more than 3.0% above the expected expenditure rate of 16.7%. There is one department currently 5.0% or more below the expected expenditure rate: Public Works (10.8%).

The Overtime Summary Report shows six departments with a variance of more than 3.0% above the expected expenditure rate for overtime. First, the Human Resources Department has incurred unexpected costs related to front desk staff but is not anticipated to be a continued expense. The Development and Neighborhood Services Department (181.7%) is above expected overtime expenditures due to overtime costs related to inspections and code enforcement. The Fire Department (92.5%) has higher-than-expected overtime expenditures due to an unusual number of employee vacancies; a certification list will be certified in October. While overtime is high for the Fire Department, the department's total salary and benefits are slightly above the expected expenditure rate of 13.97% (14.7%). The Parks Department (30.9%) is above expected overtime expenditures due to overtime costs associated with parks operations and aquatics recreation programs, and is anticipated to stabilize as the fiscal year progresses. The Civil Rights Department incurred overtime expenses due to an event that was held to celebrate their 60th Anniversary, but is not anticipated to be a continued expense. Finally, the Community and Economic Development Department acquired overtime expense related to the requirements for HOME-ARPA Funds and the Voucher Program.

General Fund Revenue

Below is a chart detailing other major revenues. In relation to FY 2022 YTD, other major revenue sources are down 39.1% which can be primarily attributed to higher than average revenues in early FY 2022. First, licenses and permits are down 71.6% which is more reflective of typical averages; FY 2022 was higher due to permits associated with Amazon construction. Finally, fines & forfeits is down 57.3% due to a recording change; this is anticipated to stabilize in period 13. Cable TV Franchise revenue is received on a quarterly basis. The first disbursement was received in August and is in line with revenue projections.

These revenue sources will be closely monitored on a monthly basis in relation to budget.

SUMMARY OF MAJOR NON-TAX REVENUE SOURCES					
Department	Budget	YTD	Current Projection	YTD Change from FY 2022	% of Budget Collected
Cable TV Franchise	720,000	-	-	N/A	0.0%
Casino Development Fee	1,200,000	138,780	2,515,243	-2.6%	11.6%
Licenses & Permits	1,924,100	394,929	1,687,432	-71.6%	20.5%
Charges for Services	3,838,908	1,032,320	4,584,996	-2.3%	26.9%
Uses of Money & Property	776,300	99,753	1,690,580	129.9%	12.8%
Fines & Forfeits	1,255,500	149,584	1,122,054	-57.3%	11.9%
Total	9,714,808	1,815,366	11,600,305	-39.1%	18.7%

Local Option Sales Tax Fund Revenue

The below chart displays the revenue categories for the Local Option Sales Tax Fund as of the end of August. The majority of this fund's revenue comes from the sales tax disbursements from the state. On average, the revenue is at 9.4% of total sales tax revenue collected for the year as of the end of August when compared to the amount budgeted. However, Local Options Sales Tax fund revenue is currently at 9.9%, which is above the expected budget.

SUMMARY OF LOCAL OPTION SALES TAX FUND			
Department	Budget	YTD	% of Budget Collected
Other Taxes (Sales Tax)	17,007,500	1,675,659	9.9%
Charges for services	85,000	6,858	8.1%
Use of Monies & Prop	15,000	4,985	33.2%
Total	17,107,500	1,687,502	9.9%

Trust & Agency Fund

As of the end of August, Trust & Agency Fund expenditures are in line with expected budget levels. The expected level of expenditures as of the end of August is 15.42%. Trust & Agency benefits are currently at 15.1% which is slightly below the expected budget of 15.42%.

BENEFIT SUMMARY			
Benefit	Budget	YTD	%
FICA	1,500,569	224,940	15.0%
IPERS	1,396,818	179,934	12.9%
Employee Insurance	11,280,709	1,857,406	16.5%
MFPRSI	6,050,380	828,123	13.7%
Deferred Compensation	21,216	-	0.0%
RHSP	876,409	127,724	14.6%
Fit Pay	131,000	-	0.0%
Total	21,257,101	3,218,127	15.1%

Employee Health Insurance Fund

As of the end of August, claims for FY 2023 are 12.3% lower than claims in FY 2022. Claims expenditures are currently trending \$2.6M below the original budget of \$15.5 million.

HEALTH CLAIMS PROJECTION MODEL							
	FY 2021	FY 2022	Average	% Total	Cum. %	FY 2023	Year End Projection
July	1,077,507	940,733	932,074	7.82%	7.82%	1,040,152	13,298,378
August	1,328,983	1,515,769	1,057,208	8.87%	16.69%	1,114,579	12,907,703
September	1,181,074	1,442,449	968,109	8.12%	24.82%		8,682,336
October	1,104,134	1,114,280	980,346	8.23%	33.04%		6,520,766
November	1,213,605	1,209,077	958,028	8.04%	41.08%		5,244,749
December	1,126,545	2,951,600	1,248,575	10.48%	51.56%		4,178,978
January	964,700	970,399	918,658	7.71%	59.27%		3,635,434
February	1,115,936	1,402,591	837,157	7.03%	66.30%		3,250,197
March	1,139,423	1,403,597	1,092,924	9.17%	75.47%		2,855,202
April	1,137,471	1,215,023	1,024,355	8.60%	84.06%		2,563,237
May	1,155,054	1,355,162	1,026,768	8.62%	92.68%		2,324,936
June	1,395,190	1,245,079	1,157,640	9.71%	102.39%		2,104,359
Total	13,939,622	16,765,759	11,916,597	100.00%	N/A	2,154,731	

FY 2024 Budget Update

During the month of August, staff prepared salary and benefits projections, revenue analyses, and other related items in preparation for the FY 2024 Budget Kick-Off with department management teams. Departments will be working on entering FY 2024 Budget amounts into the city's financial software for further review by the Finance department and finalizing Business Plans.