

MEMORANDUM

DATE: 3 February 2023

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

FROM: Hanna Whitehurst, Budget Analyst

RE: FY 2023 Monthly Financial Update – Through December 2022

Below is a summary report of the City's main operating funds as of December 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 December, General Fund operating departments ended below expected spending levels. With 50.0% of the year completed, 49.6% of overall budgeted expenditures have been spent. Payroll costs, which are the main driver of the General Fund, are in line with expected budget levels. The expected level of payroll costs as of the end of December is 48.50%. Payroll costs are currently at 46.9%, which is below the expected budget of 48.50%.

OVERALL DEPARTMENT BUDGET SUMMARY			
Department	Budget	YTD	%
City Council	336,673	189,297	56.2%
Mayor's Office	129,792	60,622	46.7%
Finance	1,595,963	829,224	52.0%
Administration	897,387	422,481	47.1%
Information Technologies	-	(62,297)	-
Human Resources	818,719	337,592	41.2%
Comm. & Econ. Dev.	646,002	280,458	43.4%
Civil Rights	392,806	150,423	38.3%
Dev. & Nbhd. Svc. Dept.	2,163,497	1,011,258	46.7%
Public Works	3,320,965	1,911,775	57.6%
Police Department	20,008,361	9,738,271	48.7%
Fire Department	13,738,702	7,046,935	51.3%
Parks & Recreation	4,623,693	2,179,102	47.1%
Library	2,720,232	1,386,482	51.0%
Total	51,392,792	25,481,623	49.6%

OVERTIME SUMMARY			
Department	Budget	YTD	%
Finance	2,600	15	0.6%
Human Resources	-	33	N/A
Civil Rights	-	352	N/A
Community Dev	-	36	N/A
DNSD	2,000	6,383	319.2%
Public Works	67,500	23,254	34.4%
Police	570,858	219,841	38.5%
Fire	211,100	656,437	311.0%
Parks	29,500	19,667	66.7%
Library	5,135	184	3.6%
Total	888,693	926,202	104.2%

There are currently two departments with a variance of more than 3.0% above the expected expenditure rate of 50.0%: City Council (56.2%) which is due to the payment of professional membership dues but is expected to stabilize, and Public Works (57.6%) which is due to expenses related to the Annie Wittenmyer building. Also, there are three departments currently 5.0% or more below the expected expenditure rate: Human Resources (41.2%), Civil Rights (38.3%), and Community and Economic Development (43.4%).

The Overtime Summary Report shows six departments with a variance of more than 3.0% above the expected expenditure rate for overtime. Although Civil Rights and Community and Economic Development have higher than budgeted overtime, no additional overtime has been incurred since August. 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 (319.2%) is above expected overtime expenditures due to overtime costs related to inspections and code enforcement. The Fire Department (311.6%) has higher-than-expected overtime expenditures due to an unusual number of employee vacancies; the first recruit class started in December 2022 and are expected to be assigned to shift in February 2023. The Parks Department (66.7%) is above expected overtime expenditures due to overtime costs associated with parks operations and aquatics recreation programs.

General Fund Revenue

Below is a chart detailing other major revenues. In relation to FY 2022 YTD, other major revenue sources are down 5.5%. First, licenses and permits are down 44.2% which is more reflective of typical averages; FY 2022 was higher due to permits associated with Amazon construction. Uses of money and property is up 145.2% due to rent revenues and the timing of the allocation of interest payments. Fines and forfeits are down 24.0% due to a change in accounting methodology recommended by the City's auditors and a decrease in overall revenue collected which will continue to be monitored closely as the year progresses. Although several of these sources are down from FY 2022, all categories' projections are exceeding budgeted revenues.

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	146,664	582,458	-8.5%	20.4%
Casino Development Fee	1,200,000	626,367	1,815,486	-3.4%	52.2%
Licenses & Permits	1,924,100	1,236,842	2,538,128	-44.2%	64.3%
Charges for Services	3,838,908	2,490,205	5,336,537	16.0%	64.9%
Uses of Money & Property	776,300	913,334	1,929,785	145.2%	117.7%
Fines & Forfeits	1,255,500	726,137	1,534,756	-24.0%	57.8%
Total	9,714,808	6,139,549	13,737,150	-5.5%	63.2%

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 December. The majority of this fund's revenue comes from the sales tax disbursements from the state. On average, the revenue is at 62.0% of total sales tax revenue collected for the year as of the end of December when compared to the amount budgeted and is currently trending in line with budget.

SUMMARY OF LOCAL OPTION SALES TAX FUND			
Department	Budget	YTD	% of Budget Collected
Other Taxes (Sales Tax)	17,007,500	10,415,595	61.2%
Charges for services	85,000	112,033	131.8%
Use of Monies & Prop	15,000	11,153	74.4%
Total	17,107,500	10,538,781	61.6%

Trust & Agency Fund

As of the end of December, Trust & Agency Fund expenditures are in line with expected budget levels. The expected level of expenditures as of the end of December is 49.3%. Trust & Agency benefits are currently at 47.6% which is below the expected budget of 49.3%.

BENEFIT SUMMARY			
Benefit	Budget	YTD	%
FICA	1,500,569	721,827	48.1%
IPERS	1,396,818	609,257	43.6%
Employee Insurance	11,280,709	5,592,028	49.6%
MFPRSI	6,050,380	2,780,316	46.0%
Deferred Compensation	21,216	-	0.0%
RHSP	876,409	424,623	48.5%
Fit Pay	131,000	-	0.0%
Total	21,257,101	10,128,051	47.6%

Employee Health Insurance Fund

As of the end of December, claims for FY 2023 are 28.3% lower than claims in FY 2022. Claims expenditures are currently trending \$2.7M 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%	893,377	12,282,135
October	1,104,134	1,114,280	980,346	8.23%	33.04%	1,010,406	12,282,099
November	1,213,605	1,209,077	958,028	8.04%	41.08%	1,272,687	12,976,475
December	1,126,545	2,951,600	1,248,575	10.48%	51.56%	1,245,375	12,754,894
January	964,700	970,399	918,658	7.71%	59.27%		11,095,912
February	1,115,936	1,402,591	837,157	7.03%	66.30%		9,920,110
March	1,139,423	1,403,597	1,092,924	9.17%	75.47%		8,714,524
April	1,137,471	1,215,023	1,024,355	8.60%	84.06%		7,823,401
May	1,155,054	1,355,162	1,026,768	8.62%	92.68%		7,096,068
June	1,395,190	1,245,079	1,157,640	9.71%	102.39%		6,422,834
Total	13,939,622	16,765,759	11,916,597	100.00%	N/A	6,576,576	

FY 2024 Budget Update

During December, Finance continued to focused on analyzing budgets at the fund level in preparation for the upcoming budget workshops in January. Once taxable valuation reports were submitted by the county auditor, staff worked to update projections and prepare the Maximum Property Tax notice. Next steps include finalizing the FY 2024 City Administrator's recommended budget and preparing all materials for the January budget workshops.