

MEMORANDUM

DATE: 21 March 2023

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

FROM: Hanna Whitehurst, Budget Analyst

RE: FY 2023 Monthly Financial Update – Through February 2023

Below is a summary report of the City's main operating funds as of February 28, 2023 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 continue to stabilize.

General Fund Expenditures

As of the end of February, General Fund operating departments ended below expected spending levels. With 66.7% of the year completed, 65.3% 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 February is 63.8%. Payroll costs are currently at 62.5%, which is below the expected budget of 63.8%.

OVERALL DEPARTMENT BUDGET SUMMARY			
Department	Budget	YTD	%
City Council	336,673	224,353	66.6%
Mayor's Office	129,792	79,738	61.4%
Finance	1,595,963	1,112,033	69.7%
Administration	897,387	550,937	61.4%
Information Technologies	-	(78,809)	-
Human Resources	818,719	437,680	53.5%
Comm. & Econ. Dev.	646,002	403,003	62.4%
Civil Rights	392,806	199,850	50.9%
Dev. & Nbhd. Svc. Dept.	2,163,497	1,346,276	62.2%
Public Works	3,320,965	2,425,344	73.0%
Police Department	20,008,361	13,025,391	65.1%
Fire Department	13,738,702	9,291,814	67.6%
Parks & Recreation	4,623,693	2,737,172	59.2%
Library	2,720,232	1,803,505	66.3%
Total	51,392,792	33,558,287	65.3%

OVERTIME SUMMARY			
Department	Budget	YTD	%
Finance	2,600	15	0.6%
Human Resources	-	42	N/A
Civil Rights	-	352	N/A
Community Dev	-	36	N/A
DNSD	2,000	8,757	437.9%
Public Works	67,500	35,643	52.8%
Police	570,858	292,715	51.3%
Fire	211,100	796,689	377.4%
Parks	29,500	24,922	84.5%
Library	5,135	2,987	58.2%
Total	888,693	1,162,158	130.8%

There is currently one department with a variance of more than 3.0% above the expected expenditure rate of 66.7%: Public Works (73.0%) which is due to continued expenses related to the Annie Wittenmyer building. Also, there are three departments currently 5.0% or more below the expected expenditure rate: Human Resources (53.5%), Civil Rights (50.9%), and Parks and Recreation (59.2%).

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, Human Resources, and Community and Economic Development have higher than budgeted overtime, no additional overtime has been incurred since August. The Development and Neighborhood Services Department (437.9%) is above expected overtime expenditures due to overtime costs related to inspections and code enforcement. The Fire Department (377.4%) has higher-than-expected overtime expenditures due to an unusual number of employee vacancies. Ten new firefighters started shift in February, and it is anticipated to help reduce overtime expenditures. The Parks Department (84.5%) 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 4.1%. First, licenses and permits are down 41.6% 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 132.5% due to rent revenues and the timing of the allocation of interest payments. Fines and forfeits are down 21.3% 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. Cable TV Franchise is down (11.4%) due to the timing of payments received. Although several of these sources are down from FY 2022, all categories' projections are exceeding budgeted revenues except for Cable TV Franchise which should have negligible impact to the General Fund.

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	282,822	560,153	-11.4%	39.3%
Casino Development Fee	1,200,000	871,916	1,633,012	-3.6%	72.7%
Licenses & Permits	1,924,100	1,474,503	2,369,995	-41.6%	76.6%
Charges for Services	3,838,908	3,250,294	5,322,188	18.0%	84.7%
Uses of Money & Property	776,300	972,466	1,837,025	132.5%	125.3%
Fines & Forfeits	1,255,500	966,350	1,622,512	-21.3%	77.0%
Total	9,714,808	7,818,351	13,344,885	-4.1%	80.5%

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 February. The majority of this fund's revenue comes from the sales tax disbursements from the state. Local Options Sales Tax revenue is 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	14,183,730	83.4%
Charges for services	85,000	112,319	132.1%
Use of Monies & Prop	15,000	12,134	80.9%
Miscellaneous	-	1,055	N/A
Total	17,107,500	14,309,238	83.6%

Trust & Agency Fund

As of the end of February, Trust & Agency Fund expenditures are in line with expected budget levels. The expected level of expenditures as of the end of February is 65.4%. Trust & Agency benefits are currently at 63.8% which is below the expected budget of 65.4%.

BENEFIT SUMMARY			
Benefit	Budget	YTD	%
FICA	1,500,569	954,255	63.6%
IPERS	1,396,818	799,524	57.2%
Employee Insurance	11,280,709	7,538,666	66.8%
MFPRSI	6,050,380	3,706,470	61.3%
Deferred Compensation	21,216	-	0.0%
RHSP	876,409	565,618	64.5%
Fit Pay	131,000	-	0.0%
Total	21,257,101	13,564,532	63.8%

Employee Health Insurance Fund

As of the end of February, claims for FY 2023 are 14.7% lower than claims in FY 2022. Claims expenditures are currently trending \$687K 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%	1,785,197	14,107,873
February	1,115,936	1,402,591	837,157	7.03%	66.30%	1,490,882	14,861,749
March	1,139,423	1,403,597	1,092,924	9.17%	75.47%		
April	1,137,471	1,215,023	1,024,355	8.60%	84.06%		
May	1,155,054	1,355,162	1,026,768	8.62%	92.68%		
June	1,395,190	1,245,079	1,157,640	9.71%	102.39%		
Total	13,939,622	16,765,759	11,916,597	100.00%	N/A	9,852,655	

FY 2024 Budget Update

During the month of February, the city held a public hearing and adopted the FY 2024 Maximum Property Tax levy rate and amount. Also, the city set the public hearing date for the FY 2024 Budget to be scheduled on March 15, 2023; with the FY 2024 Budget Adoption set to occur on March 22, 2023. The budget team will now begin working on the preparation of the FY 2024 Budget Book.