

## MEMORANDUM

**DATE:** 24 April 2023

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

**FROM:** Hanna Whitehurst, Budget Analyst

**RE:** FY 2023 Monthly Financial Update – Through March 2023

Below is a summary report of the City's main operating funds as of March 31, 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 March, General Fund operating departments ended below expected spending levels. With 75.0% of the year completed, 73.9% 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 March is 71.5%. Payroll costs are currently at 71.9%, which is slightly above the expected budget of 71.5%.

OVERALL DEPARTMENT BUDGET SUMMARY			
Department	Budget	YTD	%
City Council	336,673	256,106	76.1%
Mayor's Office	129,792	88,911	68.5%
Finance	1,595,963	1,233,334	77.3%
Administration	897,387	615,592	68.6%
Information Technologies	-	(56,000)	-
Human Resources	818,719	520,079	63.5%
Comm. & Econ. Dev.	646,002	421,123	65.2%
Civil Rights	392,806	222,440	56.6%
Dev. & Nbhd. Svc. Dept.	2,163,497	1,501,381	69.4%
Public Works	3,320,965	2,838,983	85.5%
Police Department	20,008,361	14,524,582	72.6%
Fire Department	13,738,702	10,743,975	78.2%
Parks & Recreation	4,623,693	3,055,509	66.1%
Library	2,720,232	2,023,394	74.4%
<b>Total</b>	<b>51,392,792</b>	<b>37,989,408</b>	<b>73.9%</b>

OVERTIME SUMMARY			
Department	Budget	YTD	%
Finance	2,600	15	0.6%
Human Resources	-	52	N/A
Civil Rights	-	352	N/A
Community Dev	-	36	N/A
DNSD	2,000	10,644	532.2%
Public Works	67,500	39,510	58.5%
Police	570,858	343,457	60.2%
Fire	211,100	847,782	401.6%
Parks	29,500	26,973	91.4%
Library	5,135	2,994	58.3%
<b>Total</b>	<b>888,693</b>	<b>1,271,816</b>	<b>143.1%</b>

There is currently one department with a variance of more than 3.0% above the expected expenditure rate of 75.0%: Public Works (85.5%) which is due to continued expenses related to the Annie Wittenmyer building and an increase in fuel expenditures. Also, there are seven departments currently 5.0% or more below the expected expenditure rate: Mayor's Office (68.5%), Administration (68.6%), Human Resources (63.5%), Community and Economic Development (65.2%), Civil Rights (56.6%), Development and Neighborhood Services (69.4%), and Parks and Recreation (66.1%).

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 (532.2%) is above expected overtime expenditures due to overtime costs related to inspections and code enforcement. The Fire Department (401.6%) has higher-than-expected overtime expenditures due to an unusual number of employee vacancies occurring in the first half of the Fiscal Year. Ten new firefighters started shift in March, and it is anticipated to help reduce overtime expenditures. The Parks Department (91.4%) 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 0.4%. First, licenses and permits are down 36.8% 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 170.3% due to rent revenues and the timing of the allocation of interest payments. Fines and forfeits are down 21.7% 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 7.3% 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.

<b>SUMMARY OF MAJOR NON-TAX REVENUE SOURCES</b>					
<b>Department</b>	<b>Budget</b>	<b>YTD</b>	<b>Current Projection</b>	<b>YTD Change from FY 2022</b>	<b>% of Budget Collected</b>
Cable TV Franchise	720,000	296,053	586,168	-7.3%	41.1%
Casino Development Fee	1,200,000	991,921	1,656,967	-3.8%	82.7%
Licenses & Permits	1,924,100	1,881,387	2,436,461	-36.8%	97.8%
Charges for Services	3,838,908	3,630,258	5,303,497	16.7%	94.6%
Uses of Money & Property	776,300	1,415,407	2,202,856	170.3%	182.3%
Fines & Forfeits	1,255,500	1,068,230	1,610,194	-21.7%	85.1%
<b>Total</b>	<b>9,714,808</b>	<b>9,283,256</b>	<b>13,796,143</b>	<b>-0.4%</b>	<b>95.6%</b>

### 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 March. 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	16,209,749	95.3%
Charges for services	85,000	114,363	134.5%
Use of Monies & Prop	15,000	12,256	81.7%
Miscellaneous	-	1,055	N/A
<b>Total</b>	<b>17,107,500</b>	<b>16,337,424</b>	<b>95.5%</b>

### Trust & Agency Fund

As of the end of March, Trust & Agency Fund expenditures are in line with expected budget levels. The expected level of expenditures as of the end of March is 73.4%. Trust & Agency benefits are currently at 71.7% which is below the expected budget of 73.4%.

BENEFIT SUMMARY			
Benefit	Budget	YTD	%
FICA	1,500,569	1,074,300	71.6%
IPERS	1,396,818	898,504	64.3%
Employee Insurance	11,280,709	8,490,225	75.3%
MFPRSI	6,050,380	4,152,766	68.6%
Deferred Compensation	21,216	-	0.0%
RHSP	876,409	632,169	72.1%
Fit Pay	131,000	-	0.0%
<b>Total</b>	<b>21,257,101</b>	<b>15,247,964</b>	<b>71.7%</b>

### Employee Health Insurance Fund

As of the end of March, claims for FY 2023 are 8.7% lower than claims in FY 2022. Claims expenditures are currently trending \$114K above 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%	1,968,083	15,663,486
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	11,820,738	

### FY 2024 Budget Update

During the month of March, the City Council adopted the FY 2024 Operating and Capital Improvement Budget. Also, city staff began preparing a list of budget amendments for the current fiscal year to present to Council on May 3<sup>rd</sup>. Additionally, the Finance team continued the development of the FY 2024 Budget Book, which will be submitted to the GFOA for review in June.