



MEMORANDUM

DATE: January 4, 2023

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

FROM: Hanna Whitehurst, Budget Analyst

RE: FY 2023 Monthly Financial Update – Through November 2022

Below is a summary report of the City's main operating funds as of November 30, 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 November, General Fund operating departments ended below expected spending levels. With 41.7% of the year completed, 39.2% 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 November is 37.0%. Payroll costs are currently at 36.2%, which is slightly below the expected budget of 37.0%.

OVERALL DEPARTMENT BUDGET SUMMARY			
Department	Budget	YTD	%
City Council	336,673	150,915	44.8%
Mayor's Office	129,792	47,695	36.7%
Finance	1,595,963	657,046	41.2%
Administration	897,387	331,139	36.9%
Information Technologies	-	(48,455)	-
Human Resources	818,719	270,493	33.0%
Comm. & Econ. Dev.	646,002	246,644	38.2%
Civil Rights	392,806	123,067	31.3%
Dev. & Nbhd. Svc. Dept.	2,163,497	799,377	36.9%
Public Works	3,320,965	1,523,442	45.9%
Police Department	20,008,361	7,682,632	38.4%
Fire Department	13,738,702	5,435,806	39.6%
Parks & Recreation	4,623,693	1,814,627	39.2%
Library	2,720,232	1,106,276	40.7%
Total	51,392,792	20,140,706	39.2%

OVERTIME SUMMARY			
Department	Budget	YTD	%
Finance	2,600	15	0.6%
Human Resources	-	20	N/A
Civil Rights	-	352	N/A
Community Dev	-	36	N/A
DNSD	2,000	5,960	298.0%
Public Works	67,500	13,290	19.7%
Police	570,858	156,753	27.5%
Fire	211,100	498,979	236.4%
Parks	29,500	14,627	49.6%
Library	5,135	168	3.3%
Total	888,693	690,199	77.7%

There are currently two departments with a variance of more than 3.0% above the expected expenditure rate of 41.7%: City Council (44.8%) which is due to the payment of professional membership dues but is expected to stabilize, and Public Works (45.9%) which is due to expenses related to the Annie Wittenmyer building. Also, there are two departments currently 5.0% or more below the expected expenditure rate: Human Resources (33.0%) and Civil Rights (31.3%).

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 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 (298.0%) is above expected overtime expenditures due to overtime costs related to inspections and code enforcement. The Fire Department (236.4%) has higher-than-expected overtime expenditures due to an unusual number of employee vacancies; with the first recruit class beginning in December 2022, overtime costs are expected to decrease in the spring. The Parks Department (49.6%) 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 8.6%. First, licenses and permits are down 45.5% 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 213.9% due to rent revenues and the timing of the allocation of interest payments.

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	N/A	20.4%
Casino Development Fee	1,200,000	510,239	1,822,992	-3.4%	42.5%
Licenses & Permits	1,924,100	1,155,744	2,633,373	-45.5%	60.1%
Charges for Services	3,838,908	2,182,127	5,368,622	13.4%	56.8%
Uses of Money & Property	776,300	471,980	2,003,356	213.9%	60.8%
Fines & Forfeits	1,255,500	586,287	1,624,913	-9.3%	46.7%
Total	9,714,808	5,053,041	14,035,714	-8.6%	52.0%

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 November. The majority of this fund's revenue comes from the sales tax disbursements from the state. On average, the revenue is at 37.8% of total sales tax revenue collected for the year as of the end of November 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	6,321,447	37.2%
Charges for services	85,000	85,489	100.6%
Use of Monies & Prop	15,000	12,512	83.4%
Total	17,107,500	6,419,447	37.5%

Trust & Agency Fund

As of the end of November, Trust & Agency Fund expenditures are in line with expected budget levels. The expected level of expenditures as of the end of November is 39.5%. Trust & Agency benefits are currently at 38.3% which is below the expected budget of 39.5%.

BENEFIT SUMMARY			
Benefit	Budget	YTD	%
FICA	1,500,569	557,972	37.2%
IPERS	1,396,818	469,293	33.6%
Employee Insurance	11,280,709	4,655,976	41.3%
MFPRSI	6,050,380	2,130,674	35.2%
Deferred Compensation	21,216	-	0.0%
RHSP	876,409	326,044	37.2%
Fit Pay	131,000	-	0.0%
Total	21,257,101	8,139,958	38.3%

Employee Health Insurance Fund

As of the end of November, claims for FY 2023 are 14.3% lower than claims in FY 2022. Claims expenditures are currently trending \$2.5M 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%		10,339,560
January	964,700	970,399	918,658	7.71%	59.27%		8,994,732
February	1,115,936	1,402,591	837,157	7.03%	66.30%		8,041,586
March	1,139,423	1,403,597	1,092,924	9.17%	75.47%		7,064,296
April	1,137,471	1,215,023	1,024,355	8.60%	84.06%		6,341,921
May	1,155,054	1,355,162	1,026,768	8.62%	92.68%		5,752,319
June	1,395,190	1,245,079	1,157,640	9.71%	102.39%		5,206,572
Total	13,939,622	16,765,759	11,916,597	100.00%	N/A	5,331,201	

FY 2024 Budget Update

During November, staff made all budgetary changes that resulted from the departmental budget meetings. Finance finalized and entered all internal allocations needed for the budget including IT, Risk, debt service, and indirect costs. During the next month, the budget team will focus on analyzing budgets at the fund level in preparation for the upcoming budget workshops in January.