



## MEMORANDUM

**DATE:** December 15, 2022

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

**FROM:** Hanna Whitehurst, Budget Analyst

**RE:** FY 2023 Monthly Financial Update – Through October 2022

Below is a summary report of the City's main operating funds as of October 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 October, General Fund operating departments ended below expected spending levels. With 33.3% of the year completed, 31.5% 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 October is 29.3%. Payroll costs are currently at 29.0%, which is slightly below the expected budget of 29.3%.

| OVERALL DEPARTMENT BUDGET SUMMARY |                   |                   |              |
|-----------------------------------|-------------------|-------------------|--------------|
| Department                        | Budget            | YTD               | %            |
| City Council                      | 336,673           | 133,495           | 39.7%        |
| Mayor's Office                    | 129,792           | 37,595            | 29.0%        |
| Finance                           | 1,595,963         | 507,914           | 31.8%        |
| Administration                    | 897,387           | 262,442           | 29.2%        |
| Information Technologies          | -                 | (42,070)          | -            |
| Human Resources                   | 818,719           | 221,004           | 27.0%        |
| Comm. & Econ. Dev.                | 646,002           | 206,193           | 31.9%        |
| Civil Rights                      | 392,806           | 102,313           | 26.0%        |
| Dev. & Nbhd. Svc. Dept.           | 2,163,497         | 646,130           | 29.9%        |
| Public Works                      | 3,320,965         | 1,139,045         | 34.3%        |
| Police Department                 | 20,008,361        | 6,259,513         | 31.3%        |
| Fire Department                   | 13,738,702        | 4,334,064         | 31.5%        |
| Parks & Recreation                | 4,623,693         | 1,493,554         | 32.3%        |
| Library                           | 2,720,232         | 904,161           | 33.2%        |
| <b>Total</b>                      | <b>51,392,792</b> | <b>16,205,356</b> | <b>31.5%</b> |

| 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          | 5,588          | 279.4%       |
| Public Works     | 67,500         | 10,425         | 15.4%        |
| Police           | 570,858        | 111,715        | 19.6%        |
| Fire             | 211,100        | 388,001        | 183.8%       |
| Parks            | 29,500         | 13,350         | 45.3%        |
| Library          | 5,135          | 160            | 3.1%         |
| <b>Total</b>     | <b>888,693</b> | <b>529,662</b> | <b>59.6%</b> |

There is currently one department with a variance of more than 3.0% above the expected expenditure rate of 33.3%: City Council (39.7%) which is due to the payment of professional membership dues but is expected to stabilize. Also, there are two departments currently 5.0% or more below the expected expenditure rate: Human Resources (27.0%) and Civil Rights (26.0%).

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 (279.4%) is above expected overtime expenditures due to overtime costs related to inspections and code enforcement. The Fire Department (183.8%) has higher-than-expected overtime expenditures due to an unusual number of employee vacancies; a certification list was certified in October with the first recruit class anticipated to begin in December 2022 which is anticipated to reduce overtime expenditures in the spring. The Parks Department (45.3%) 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 10.1%. First, licenses and permits are down 43.6% 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 247.6% due to rent revenues and the timing of the allocation of interest payments. Finally, fines & forfeits is down 36.1% due to a recording change; this is anticipated to stabilize in period 13.

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          | 132,490          | 720,251                   | N/A                            | 18.4%                        |
| Casino Development Fee                          | 1,200,000        | 384,183          | 1,795,431                 | -2.8%                          | 32.0%                        |
| Licenses & Permits                              | 1,924,100        | 1,047,210        | 2,806,100                 | -43.6%                         | 54.4%                        |
| Charges for Services                            | 3,838,908        | 1,854,053        | 5,335,454                 | 8.9%                           | 48.3%                        |
| Uses of Money & Property                        | 776,300          | 408,748          | 2,691,492                 | 247.6%                         | 52.7%                        |
| Fines & Forfeits                                | 1,255,500        | 407,620          | 1,432,594                 | -36.1%                         | 32.5%                        |
| <b>Total</b>                                    | <b>9,714,808</b> | <b>4,234,304</b> | <b>14,781,322</b>         | <b>-10.1%</b>                  | <b>43.6%</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 October. The majority of this fund's revenue comes from the sales tax disbursements from the state. On average, the revenue is at 37.7% of total sales tax revenue collected for the year as of the end of October 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        | 6,367,087        | 37.4%                 |
| Charges for services                   | 85,000            | 37,248           | 43.8%                 |
| Use of Monies & Prop                   | 15,000            | 11,978           | 79.9%                 |
| <b>Total</b>                           | <b>17,107,500</b> | <b>6,416,313</b> | <b>37.5%</b>          |

### Trust & Agency Fund

As of the end of October, Trust & Agency Fund expenditures are in line with expected budget levels. The expected level of expenditures as of the end of October is 31.5%. Trust & Agency benefits are currently at 30.6% which is below the expected budget of 31.5%.

| BENEFIT SUMMARY       |                   |                  |              |
|-----------------------|-------------------|------------------|--------------|
| Benefit               | Budget            | YTD              | %            |
| FICA                  | 1,500,569         | 447,166          | 29.8%        |
| IPERS                 | 1,396,818         | 373,667          | 26.8%        |
| Employee Insurance    | 11,280,709        | 3,720,140        | 33.0%        |
| MFPRSI                | 6,050,380         | 1,695,102        | 28.0%        |
| Deferred Compensation | 21,216            | -                | 0.0%         |
| RHSP                  | 876,409           | 259,634          | 29.6%        |
| Fit Pay               | 131,000           | -                | 0.0%         |
| <b>Total</b>          | <b>21,257,101</b> | <b>6,495,709</b> | <b>30.6%</b> |

### Employee Health Insurance Fund

As of the end of October, claims for FY 2023 are 19.0% lower than claims in FY 2022. Claims expenditures are currently trending \$3.2M 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%     |                  | 9,878,676           |
| December                       | 1,126,545         | 2,951,600         | 1,248,575         | 10.48%         | 51.56%     |                  | 7,871,256           |
| January                        | 964,700           | 970,399           | 918,658           | 7.71%          | 59.27%     |                  | 6,847,471           |
| February                       | 1,115,936         | 1,402,591         | 837,157           | 7.03%          | 66.30%     |                  | 6,121,864           |
| March                          | 1,139,423         | 1,403,597         | 1,092,924         | 9.17%          | 75.47%     |                  | 5,377,877           |
| April                          | 1,137,471         | 1,215,023         | 1,024,355         | 8.60%          | 84.06%     |                  | 4,827,951           |
| May                            | 1,155,054         | 1,355,162         | 1,026,768         | 8.62%          | 92.68%     |                  | 4,379,101           |
| June                           | 1,395,190         | 1,245,079         | 1,157,640         | 9.71%          | 102.39%    |                  | 3,963,637           |
| <b>Total</b>                   | <b>13,939,622</b> | <b>16,765,759</b> | <b>11,916,597</b> | <b>100.00%</b> | <b>N/A</b> | <b>4,058,514</b> |                     |

### **FY 2024 Budget Update**

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During October, staff met with departments to review all budget requests. Finance finalized staffing levels for all city departments for FY 2024. Also, Finance completed business plans pages and began working on the FY 2024 Equipment Replacement Program.