

## MEMORANDUM

**DATE:** December 1, 2022

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

**FROM:** Hanna Whitehurst, Budget Analyst

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

Below is a summary report of the City's main operating funds as of September 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 September, General Fund operating departments ended below expected spending levels. With 25.0% of the year completed, 23.7% 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 September is 21.7%. Payroll costs are currently at 21.9%, which is slightly above the expected budget of 21.7%.

OVERALL DEPARTMENT BUDGET SUMMARY			
Department	Budget	YTD	%
City Council	336,673	116,714	34.7%
Mayor's Office	129,792	27,188	20.9%
Finance	1,595,963	373,840	23.4%
Administration	897,387	183,835	20.5%
Information Technologies	-	(32,513)	-
Human Resources	818,719	171,667	21.0%
Comm. & Econ. Dev.	646,002	127,919	19.8%
Civil Rights	392,806	81,091	20.6%
Dev. & Nbhd. Svc. Dept.	2,163,497	467,769	21.6%
Public Works	3,320,965	742,014	22.3%
Police Department	20,008,361	4,828,120	24.1%
Fire Department	13,738,702	3,257,422	23.7%
Parks & Recreation	4,623,693	1,148,152	24.8%
Library	2,720,232	688,257	25.3%
<b>Total</b>	<b>51,392,792</b>	<b>12,181,475</b>	<b>23.7%</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
DNSSD	2,000	4,463	223.1%
Public Works	67,500	7,840	11.6%
Police	570,858	79,300	13.9%
Fire	211,100	287,922	136.4%
Parks	29,500	11,501	39.0%
Library	5,135	144	2.8%
<b>Total</b>	<b>888,693</b>	<b>391,592</b>	<b>44.1%</b>

There is currently one department with a variance of more than 3.0% above the expected expenditure rate of 25.0%: City Council (34.7%) which is due to the payment of professional membership dues but is expected to stabilize. There is one department currently 5.0% or more below the expected expenditure rate: Community and Economic Development (19.8%).

The Overtime Summary Report shows six departments with a variance of more than 3.0% above the expected expenditure rate for overtime. Civil Rights, Finance, and Community and Economic Development have not incurred additional overtime expenditures 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 (223.1%) is above expected overtime expenditures due to overtime costs related to inspections and code enforcement. The Fire Department (136.4%) 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. The Parks Department (39.0%) 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 23.2%. First, licenses and permits are down 50.2% 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 149.7% due to the renegotiation of Annie Wittenmyer rents. Finally, fines & forfeits is down 46.4% due to a recording change; this is anticipated to stabilize in period 13. Cable TV Franchise revenue is received on a quarterly basis. The first disbursement was received in August and is in line with revenue projections.

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	-	-	N/A	0.0%
Casino Development Fee	1,200,000	258,406	1,849,458	-5.1%	21.5%
Licenses & Permits	1,924,100	815,862	2,713,137	-50.2%	42.4%
Charges for Services	3,838,908	1,487,726	5,195,234	5.5%	38.8%
Uses of Money & Property	776,300	156,765	1,381,799	149.7%	20.2%
Fines & Forfeits	1,255,500	274,362	1,268,326	-46.4%	21.9%
<b>Total</b>	<b>9,714,808</b>	<b>2,993,121</b>	<b>12,407,954</b>	<b>-23.2%</b>	<b>30.8%</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 September. The majority of this fund's revenue comes from the sales tax disbursements from the state. On average, the revenue is at 31.7% of total sales tax revenue collected for the year as of the end of September when compared to the amount budgeted.

SUMMARY OF LOCAL OPTION SALES TAX FUND			
Department	Budget	YTD	% of Budget Collected
Other Taxes (Sales Tax)	17,007,500	5,373,100	31.6%
Charges for services	85,000	16,178	19.0%
Use of Monies & Prop	15,000	5,719	38.1%
<b>Total</b>	<b>17,107,500</b>	<b>5,394,997</b>	<b>31.5%</b>

### Trust & Agency Fund

As of the end of September, Trust & Agency Fund expenditures are in line with expected budget levels. The expected level of expenditures as of the end of September is 23.45%. Trust & Agency benefits are currently at 22.9% which is slightly below the expected budget of 23.45%.

BENEFIT SUMMARY			
Benefit	Budget	YTD	%
FICA	1,500,569	336,906	22.5%
IPERS	1,396,818	277,200	19.8%
Employee Insurance	11,280,709	2,794,226	24.8%
MFPRSI	6,050,380	1,263,611	20.9%
Deferred Compensation	21,216	-	0.0%
RHSP	876,409	193,181	22.0%
Fit Pay	131,000	-	0.0%
<b>Total</b>	<b>21,257,101</b>	<b>4,865,122</b>	<b>22.9%</b>

### Employee Health Insurance Fund

As of the end of September, claims for FY 2023 are 21.8% 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%		9,224,353
November	1,213,605	1,209,077	958,028	8.04%	41.08%		7,419,285
December	1,126,545	2,951,600	1,248,575	10.48%	51.56%		5,911,632
January	964,700	970,399	918,658	7.71%	59.27%		5,142,728
February	1,115,936	1,402,591	837,157	7.03%	66.30%		4,597,767
March	1,139,423	1,403,597	1,092,924	9.17%	75.47%		4,039,003
April	1,137,471	1,215,023	1,024,355	8.60%	84.06%		3,625,986
May	1,155,054	1,355,162	1,026,768	8.62%	92.68%		3,288,882
June	1,395,190	1,245,079	1,157,640	9.71%	102.39%		2,976,852
<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>3,048,108</b>	

## **FY 2024 Budget Update**

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During September, Finance held the FY 2024 Budget Kick-Off for staff. After the Budget Kick-Off, departments worked on finalizing their budget requests for the FY 2024 Budget and inputting all requests into the city's financial software. The Finance Department also finalized revenue projections, reviewed departmental detail pages, and scheduled department budget review meetings to begin in October 2022.