



MEMORANDUM

DATE: September 22, 2021

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

FROM: Jalatama “Jolly” Omar, Budget Analyst

RE: FY 2022 Monthly Financial Update – Through August 2021

Below is a summary report of the city’s main operating funds as of August 31, 2021 for FY 2022. Information is provided for the General Fund, Trust & Agency Fund, Local Options Sales Tax Fund, other major revenues, and Employee Health Fund. As the year advances, projections are expected to stabilize.

General Fund Expenditures

As of the end of August, General Fund operating departments ended below expected spending levels. With 16.7% of the year completed, 15.2% of overall budgeted expenditures have been spent. Payroll costs, which are the main driver of the General Fund, are at 15.2% of budgeted levels, which is below the expected level of 19.2%. Payroll costs are expected to return to anticipated levels following the third payroll cycle in December.

OVERALL DEPARTMENT BUDGET SUMMARY			
Department	Budget	YTD	%
City Council	321,993	78,098	24.3%
Mayor's Office	142,184	20,789	14.6%
Finance	1,540,582	218,202	14.2%
Administration	821,019	106,772	13.0%
Information Technologies	-	13,390	-
Human Resources	774,280	124,698	16.1%
Comm. & Econ. Dev.	674,019	113,123	16.8%
Civil Rights	363,387	55,459	15.3%
Dev. & Nbhd. Svc. Dept.	2,109,768	300,879	14.3%
Public Works	3,271,879	397,094	12.1%
Police Department	19,560,634	2,989,922	15.3%
Fire Department	13,384,572	2,085,949	15.6%
Parks & Recreation	4,337,550	700,919	16.2%
Library	2,784,616	402,348	14.4%
Total	50,086,483	7,607,642	15.2%

OVERTIME SUMMARY			
Department	Budget	YTD	%
Finance	2,600	22	0.9%
Human Resources	-	16	-
DNSD	2,000	3,169	158.4%
Public Works	67,500	4,793	7.1%
Police	570,858	67,426	11.8%
Fire	211,100	144,692	68.5%
Parks	29,500	8,485	28.8%
Library	5,135	82	1.6%
Total	888,693	228,686	25.7%

There is currently one department with a variance of more than 3.0% above the expected expenditure rate of 16.7%. City Council (24.3%) is above the expected expenditure rate due to one-time payments to the Iowa League of Cities and National League of Cities.

The Overtime Summary Report shows four departments with a variance of more than 3.0% above the expected expenditure rate for overtime. First, 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 (158.4%) is above expected overtime expenditures due to overtime costs related to inspections and code enforcement. The Fire Department (68.5%) has higher-than-expected overtime expenditures due to employees out on injury/medical leave. While overtime is high for the Fire Department, the department's total salary and benefits are currently in line with the expected expenditure rate of 19.2%: (16.1%). The Parks Department (28.1%) is above expected overtime expenditures due to overtime costs associated with parks operations and aquatics recreation programs, and is anticipated to stabilize as the fiscal year progresses.

General Fund Revenue

Below is a chart detailing other major revenues. In relation to FY 2021 YTD, other major revenue sources are up 97.3%. First, licenses and permits are up 199.1% due to higher building permits associated with Amazon construction. Second, charges for services is up 41.3% which is primarily due to an increase in rental inspection charges. Finally, fines & forfeits is up 65.6% due to an increase in speed camera fine collections. Cable TV Franchise revenue is received on a quarterly basis. The first disbursement was received in August and is in line with revenue projections.

Overall, major General Fund revenue sources are trending above budget projections. 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 2021	% of Budget Collected
Cable TV Franchise	760,000	172,885	760,000	-	22.7%
Casino Development Fee	1,200,000	142,424	1,610,629	16.2%	11.9%
Licenses & Permits	1,919,300	1,399,035	3,124,831	199.1%	72.9%
Charges for Services	3,851,072	1,169,685	4,600,972	41.3%	30.4%
Uses of Money & Property	789,040	43,397	832,214	34.5%	5.5%
Fines & Forfeits	1,255,500	337,277	1,873,979	65.6%	26.9%
Total	9,774,912	3,264,702	12,802,626	97.3%	33.4%

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 August. The majority of this fund's revenue comes from the sales tax disbursements from the state. Typically, the revenue is at 7.4% of total sales tax revenue collected for the year as of the end of August. However, Local Options Sales Tax fund revenue is currently at 11.0%, which is above the expected budget.

SUMMARY OF LOCAL OPTION SALES TAX FUND			
Department	Budget	YTD	% of Budget Collected
Other Taxes (Sales Tax)	16,607,500	1,770,478	10.7%
Charges for services	80,000	60,474	75.6%
Use of Monies & Prop	15,000	1,045	7.0%
Total	16,702,500	1,831,997	11.0%

Major Revenues by Fund

Other major revenue sources are also monitored, and the below chart summarizes them and displays the percent collected YTD and compares to its expected target percentage over a four year average. Funds with a variance of more than five percent above their expected level are highlighted in green.

SUMMARY MAJOR REVENUE BY FUND				
Department	Budget	YTD	% of Budget Collected	Target
Airport - Hangers / Operations	\$ 174,900	\$ 29,843	17.1%	16.9%
Airport - Fuel	\$ 31,100	\$ -	0.0%	4.0%
Clean Water Fees	\$ 3,120,000	\$ 153,193	4.9%	1.3%
Solid Waste Fees	6,732,500	117,855	1.8%	1.2%
Rivers Edge - Ice Rentals & Admissions	345,000	33,721	9.8%	9.8%
River's Edge - Turf Rentals & Admissions	130,000	4,327	3.3%	4.1%
River's Edge - Concessions	50,000	3,727	7.5%	1.6%
Golf - Green Fees	800,000	337,434	42.2%	35.1%
Golf - Concessions	210,000	97,468	46.4%	39.7%
Transit - Grants	1,775,000	100,851	5.7%	3.4%
Transit - Passenger Charges	431,000	58,325	13.5%	17.1%
Parking - Ramps & Fees	1,074,100	158,611	14.8%	17.4%
Parking - Fines	120,000	19,922	16.6%	15.5%
Sewer Fees - Residential	19,688,000	789,339	4.0%	0.9%
Sewer Fees - Industrial	3,317,000	796,554	24.0%	16.8%
Road Use Tax	12,800,000	926,122	7.2%	9.5%
Local Option Sales Tax	16,600,000	1,730,478	10.4%	7.4%
Employee Health - Recovery	-	1,788	N/A	N/A

Trust & Agency Fund

As of the end of August, Trust & Agency Fund expenditures are in line with expected budget levels. The expected level of expenditures as of the end of August is 17.9%. Trust & Agency benefits are currently at 15.6% which is slightly below the expected budget of 17.9%.

BENEFIT SUMMARY			
Benefit	Budget	YTD	%
FICA	1,435,911	217,594	15.2%
IPERS	1,333,186	175,275	13.1%
Employee Insurance	11,010,857	1,852,430	16.8%
MFPRSI	6,419,005	938,196	14.6%
Deferred Compensation	16,836	-	0.0%
RHSP	847,030	125,434	14.8%
Fit Pay	131,000	-	0.0%
Total	21,193,825	3,308,929	15.6%

Employee Health Insurance Fund

As of the end of August, claims for FY 2022 are 2.1% higher than claims in FY 2021. Claims expenditures are currently trending \$1.2M below the original budget of \$15.8 million.

HEALTH CLAIMS PROJECTION MODEL							
	FY 2020	FY 2021	Average	% Total	Cum. %	FY 2022	Year End Projection
July	1,165,155	1,077,507	931,533	7.82%	7.82%	940,733	13,783,965
August	1,203,114	1,328,983	1,028,548	8.63%	16.45%	1,515,769	14,630,610
September	977,833	1,181,074	938,463	7.88%	24.32%		14,749,323
October	1,388,887	1,104,134	971,975	8.16%	32.48%		14,444,853
November	1,111,402	1,213,605	942,338	7.91%	40.39%		14,621,486
December	1,189,299	1,126,545	1,142,136	9.58%	49.97%		14,071,504
January	1,235,191	964,700	915,424	7.68%	57.65%		13,869,849
February	1,115,559	1,115,936	801,818	6.73%	64.38%		14,153,608
March	1,481,989	1,139,423	1,073,507	9.01%	73.39%		13,968,839
April	1,311,637	1,137,471	1,012,438	8.50%	81.89%		13,908,602
May	706,360	1,155,054	1,006,243	8.44%	90.33%		13,887,131
June	1,347,286	1,395,190	1,152,175	9.67%	100.00%		13,939,622
Total	14,233,712	13,939,622	11,916,597	100.00%		2,456,502	

FY 2023 Budget Update

During the month of August, staff prepared salary and benefits projections, revenue analyses, and other related items in preparation for the FY 2023 Budget Kick-Off with department management teams. Departments will be working on entering FY 2023 Budget amounts into the city's financial software for further review by the Finance department.