



M E M O R A N D U M

DATE: November 29, 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 October 2021

Below is a summary report of the city’s main operating funds as of October 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 October, General Fund operating departments ended below expected spending levels. With 33.3% of the year completed, 30.5% of overall budgeted expenditures have been spent. Payroll costs, which are the main driver of the General Fund, are at 30.1% of budgeted levels, which is slightly above the expected level of 29.5% due to collective bargaining agreement payouts for education, food, and uniform allowances. Payroll costs are expected to return to anticipated levels in the coming months.

OVERALL DEPARTMENT BUDGET SUMMARY			
Department	Budget	YTD	%
City Council	321,993	124,251	38.6%
Mayor's Office	142,184	41,539	29.2%
Finance	1,540,582	454,860	29.5%
Administration	821,019	229,986	28.0%
IT	-	(161,713)	-
Human Resources	774,280	232,661	30.0%
Comm. & Econ. Dev.	674,019	197,082	29.2%
Civil Rights	363,387	105,027	28.9%
Dev. & Nbhd. Svc. Dept.	2,109,768	621,774	29.5%
Public Works	3,271,879	1,001,840	30.6%
Police Department	19,560,634	5,979,227	30.6%
Fire Department	13,384,572	4,197,679	31.4%
Parks & Recreation	4,337,550	1,382,312	31.9%
Library	2,784,616	871,777	31.3%
Total	50,086,483	15,278,303	30.5%

OVERTIME SUMMARY			
Department	Budget	YTD	%
Finance	2,600	33	1.3%
Human Resources	0	23	-
CED	0	192	-
DNSSD	2,000	5,097	254.9%
Public Works	67,500	9,890	14.7%
Police	570,858	139,869	24.5%
Fire	211,100	298,949	141.6%
Parks	29,500	11,733	39.8%
Library	5,135	128	2.5%
Total	888,693	465,915	52.4%

There is currently one department with a variance of more than 3.0% above the expected expenditure rate of 33.3%. City Council (37.4%) is above the expected expenditure rate due to one-time payments to the Iowa League of Cities and National League of Cities. There is currently one department falling 5.0% or more below the expected expenditure rate of 33.3%, Administration (27.7%).

The Overtime Summary Report shows five 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 Community and Economic Development Department incurred overtime costs during the month of October related to community event staffing. Also, the Development and Neighborhood Services Department (254.9%) is above expected overtime expenditures due to overtime costs related to inspections and code enforcement. The Fire Department (141.6%) has higher-than-expected overtime expenditures due to employees out on injury/medical leave. Finally, the Parks and Recreation Department (39.8%) is above expected overtime levels due to overtime related to parks operations and recreation programs.

General Fund Revenue

As of the end of October, the General Fund has received \$19.5M in property tax payments, which is 8.7% higher than FY 2021 YTD. Below is a chart detailing other major revenues. In relation to FY 2021 YTD, other major revenue sources are up 56.3%. First, Cable TV Franchise revenue is received on a quarterly basis, and the first disbursement is expected to be received in November. Next, Casino Development Fee revenues are up 15.9% compared to FY 2021 YTD. Licenses and permits is up 114.5% due to higher building permits associated with Amazon construction. Charges for services is up 66.9% which can be attributed to an increase in rental inspections completed. Also, Uses of Money and Property is up 64.7% primarily due to revenue received from the renting of city property. Finally, Fines & Forfeits is up 17.6% due to an increase in speed camera fine collections.

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	-	760,000	-	0.0%
Casino Development Fee	1,200,000	395,121	1,267,640	15.9%	32.9%
Licenses & Permits	1,919,300	1,887,185	3,363,739	114.5%	98.3%
Charges for Services	3,851,072	1,814,971	3,925,754	66.9%	47.1%
Uses of Money & Property	789,040	117,603	896,379	64.7%	14.9%
Fines & Forfeits	1,255,500	628,573	1,873,979	17.6%	50.1%
Total	9,774,912	4,843,453	12,087,491	56.3%	49.5%

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. Local Options Sales Tax fund revenue is currently at 31.5%, 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	5,140,785	31.0%
Charges for services	80,000	113,986	142.5%
Use of Monies & Prop	15,000	5,768	38.5%
Total	16,702,500	5,260,539	31.5%

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, while funds with a variance of more than five percent below their expected level are highlighted in red.

SUMMARY MAJOR REVENUE BY FUND				
Department	Budget	YTD	% of Budget Collected	Target
Airport - Hangers / Operations	174,900	59,288	33.9%	33.6%
Airport - Fuel	31,100	8,798	28.3%	30.3%
Clean Water Fees	3,120,000	664,908	21.3%	17.7%
Solid Waste Fees	6,732,500	1,177,176	17.5%	17.0%
Rivers Edge - Ice Rentals & Admissions	345,000	46,921	13.6%	18.8%
River's Edge - Turf Rentals & Admissions	130,000	30,290	23.3%	29.8%
River's Edge - Concessions	50,000	9,390	18.8%	15.5%
Golf - Green Fees	800,000	552,584	69.1%	53.7%
Golf - Concessions	210,000	150,136	71.5%	59.4%
Transit - Grants	1,775,000	194,628	11.0%	6.2%
Transit - Passenger Charges	431,000	137,960	32.0%	34.5%
Parking - Ramps & Fees	1,074,100	306,638	28.5%	34.5%
Parking - Fines	120,000	32,763	27.3%	24.2%
Sewer Fees - Residential	19,688,000	4,279,298	21.7%	17.9%
Sewer Fees - Industrial	3,317,000	1,597,002	48.1%	35.1%
Road Use Tax	12,800,000	3,748,648	29.3%	26.4%
Local Option Sales Tax	16,600,000	5,049,983	30.4%	22.3%
Employee Health - Recovery	-	191,031	N/A	N/A

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 31.6% which is slightly above the expected budget.

BENEFIT SUMMARY			
Benefit	Budget	YTD	%
FICA	1,435,911	434,325	30.2%
IPERS	1,333,186	363,288	27.2%
Employee Insurance	11,010,857	3,732,780	33.9%
MFPRSI	6,419,005	1,902,758	29.6%
Deferred Compensation	16,836	-	0.0%
RHSP	847,030	256,752	30.3%
Fit Pay	131,000	-	0.0%
Total	21,193,825	6,689,903	31.6%

Employee Health Insurance Fund

As of the end of October, claims for FY 2022 are 6.9% higher than claims in FY 2021. Claims expenditures are currently trending \$1.4M 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%	1,440,852	14,749,323
October	1,388,887	1,104,134	971,975	8.16%	32.48%	1,116,035	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%		5,013,389	

FY 2023 Budget Update

During the month of October, departments entered FY 2023 budget requests. Also, the Finance Department spent the month of October reviewing business plans, updating staffing pages, and initial forecasting of the FY 2023 revenues. In the next month, the Finance Department will be reviewing budget requests and changes for the next fiscal year.