



## M E M O R A N D U M

**DATE:** October 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 September 2021

Below is a summary report of the city’s main operating funds as of September 30, 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 September, General Fund operating departments ended below expected spending levels. With 25.0% of the year completed, 23.0% of overall budgeted expenditures have been spent. Payroll costs, which are the main driver of the General Fund, are at 22.7% of budgeted levels, which is slightly above the expected level of 21.8% 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.

| <b>OVERALL DEPARTMENT BUDGET SUMMARY</b> |                   |                   |              |
|--|-------------------|-------------------|--------------|
| <b>Department</b>                        | <b>Budget</b>     | <b>YTD</b>        | <b>%</b>     |
| City Council                             | 321,993           | 104,755           | 32.5%        |
| Mayor's Office                           | 142,184           | 29,387            | 20.7%        |
| Finance                                  | 1,540,582         | 328,294           | 21.3%        |
| Administration                           | 821,019           | 157,101           | 19.1%        |
| IT                                       | -                 | 13,390            | -            |
| Human Resources                          | 774,280           | 170,842           | 22.1%        |
| Comm. & Econ. Dev.                       | 674,019           | 145,623           | 21.6%        |
| Civil Rights                             | 363,387           | 74,495            | 20.5%        |
| Dev. & Nbhd. Svc. Dept.                  | 2,109,768         | 451,858           | 21.4%        |
| Public Works                             | 3,271,879         | 1,008,803         | 30.8%        |
| Police Department                        | 19,560,634        | 4,383,386         | 22.4%        |
| Fire Department                          | 13,384,572        | 3,079,145         | 23.0%        |
| Parks & Recreation                       | 4,337,550         | 964,295           | 22.2%        |
| Library                                  | 2,784,616         | 600,050           | 21.5%        |
| <b>Total</b>                             | <b>50,086,483</b> | <b>11,511,422</b> | <b>23.0%</b> |

| <b>OVERTIME SUMMARY</b> |                |                |              |
|-------------------------|----------------|----------------|--------------|
| <b>Department</b>       | <b>Budget</b>  | <b>YTD</b>     | <b>%</b>     |
| Finance                 | 2,600          | 22             | 0.9%         |
| Human Resources         | -              | 18             | -            |
| CED                     | -              | 101            | -            |
| DNSD                    | 2,000          | 4,006          | 200.3%       |
| Public Works            | 67,500         | 6,992          | 10.4%        |
| Police                  | 570,858        | 111,920        | 19.6%        |
| Fire                    | 211,100        | 205,975        | 97.6%        |
| Parks                   | 29,500         | 10,675         | 36.2%        |
| Library                 | 5,135          | 110            | 2.1%         |
| <b>Total</b>            | <b>888,693</b> | <b>339,819</b> | <b>38.2%</b> |

There are currently two departments with a variance of more than 3.0% above the expected expenditure rate of 25.0%. City Council (32.5%) is above the expected expenditure rate due to one-time payments to the Iowa League of Cities and National League of Cities. Second, Public Works (30.8%) has incurred higher than expected costs related to the revolving expense fund, but is expected to stabilize after department chargebacks for September are made by accounting. There is currently one department falling 5.0% or more below the expected expenditure rate of 25.0%, Administration (19.1%).

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 September related to community event staffing. Also, the Development and Neighborhood Services Department (200.3%) is above expected overtime expenditures due to overtime costs related to inspections and code enforcement. The Fire Department (97.6%) has higher-than-expected overtime expenditures due to employees out on injury/medical leave. Finally, the Parks and Recreation Department (36.2%) is above expected overtime levels due to overtime related to parks operations and recreation programs.

### **General Fund Revenue**

Below is a chart detailing other major revenues. In relation to FY 2021 YTD, other major revenue sources are up 66.5%. First, Cable TV Franchise revenue is received on a quarterly basis, and the first disbursement is expected to be received in October. Next, Casino Development Fee revenues are up 18.8% compared to FY 2021 YTD. Licenses and permits is up 153.8% due to higher building permits associated with Amazon construction. Charges for services is up 36.9% which is primarily due to an increase in rental inspection charges. Also, Uses of Money and Property is up 27.2% primarily due to revenue received from the renting of city property. Finally, Fines & Forfeits is up 35.0% 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.

| <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 2021</b> | <b>% of Budget Collected</b> |
| Cable TV Franchise                              | 760,000          | -                | 760,000                   | -                              | 0.0%                         |
| Casino Development Fee                          | 1,200,000        | 272,386          | 1,267,640                 | 18.8%                          | 22.7%                        |
| Licenses & Permits                              | 1,919,300        | 1,668,551        | 3,124,831                 | 153.8%                         | 86.9%                        |
| Charges for Services                            | 3,851,072        | 1,502,349        | 3,925,754                 | 36.9%                          | 39.0%                        |
| Uses of Money & Property                        | 789,040          | 61,656           | 896,379                   | 27.2%                          | 7.8%                         |
| Fines & Forfeits                                | 1,255,500        | 512,024          | 1,873,979                 | 35.0%                          | 40.8%                        |
| <b>Total</b>                                    | <b>9,774,912</b> | <b>4,016,967</b> | <b>11,848,583</b>         | <b>66.5%</b>                   | <b>41.1%</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. Local Options Sales Tax fund revenue is currently at 11.1%, which is above the expected budget.

| <b>SUMMARY OF LOCAL OPTION SALES TAX FUND</b> |                   |                  |                              |
|---|-------------------|------------------|------------------------------|
| <b>Department</b>                             | <b>Budget</b>     | <b>YTD</b>       | <b>% of Budget Collected</b> |
| Other Taxes (Sales Tax)                       | 16,607,500        | 1,770,532        | 10.7%                        |
| Charges for services                          | 80,000            | 77,410           | 96.8%                        |
| Use of Monies & Prop                          | 15,000            | 1,350            | 9.0%                         |
| <b>Total</b>                                  | <b>16,702,500</b> | <b>1,849,292</b> | <b>11.1%</b>                 |

### 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.

| <b>SUMMARY MAJOR REVENUE BY FUND</b>     |               |            |                              |               |
|--|---------------|------------|------------------------------|---------------|
| <b>Department</b>                        | <b>Budget</b> | <b>YTD</b> | <b>% of Budget Collected</b> | <b>Target</b> |
| Airport - Hangers / Operations           | 174,900       | 44,745     | 25.6%                        | 25.3%         |
| Airport - Fuel                           | 31,100        | 8,798      | 28.3%                        | 20.4%         |
| Clean Water Fees                         | 3,120,000     | 411,809    | 13.2%                        | 9.5%          |
| Solid Waste Fees                         | 6,732,500     | 727,562    | 10.8%                        | 10.5%         |
| Rivers Edge - Ice Rentals & Admissions   | 345,000       | 35,103     | 10.2%                        | 15.2%         |
| River's Edge - Turf Rentals & Admissions | 130,000       | 4,907      | 3.8%                         | 25.5%         |
| River's Edge - Concessions               | 50,000        | 4,992      | 10.0%                        | 4.2%          |
| Golf - Green Fees                        | 800,000       | 470,572    | 58.8%                        | 47.6%         |
| Golf - Concessions                       | 210,000       | 130,551    | 62.2%                        | 53.4%         |
| Transit - Grants                         | 1,775,000     | 150,449    | 8.5%                         | 4.6%          |
| Transit - Passenger Charges              | 431,000       | 107,894    | 25.0%                        | 25.8%         |
| Parking - Ramps & Fees                   | 1,074,100     | 216,035    | 20.1%                        | 25.8%         |
| Parking - Fines                          | 120,000       | 22,713     | 18.9%                        | 20.3%         |
| Sewer Fees - Residential                 | 19,688,000    | 2,822,180  | 14.3%                        | 11.7%         |
| Sewer Fees - Industrial                  | 3,317,000     | 1,223,202  | 36.9%                        | 24.2%         |
| Road Use Tax                             | 12,800,000    | 2,618,654  | 20.5%                        | 19.5%         |
| Local Option Sales Tax                   | 16,600,000    | 1,730,478  | 10.4%                        | 14.9%         |
| Employee Health - Recovery               | -             | 175,340    | N/A                          | N/A           |

## 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 23.5%. Trust & Agency benefits are currently at 23.3% which is slightly below the expected budget of 23.5%.

| BENEFIT SUMMARY       |                   |                  |              |
|-----------------------|-------------------|------------------|--------------|
| Benefit               | Budget            | YTD              | %            |
| FICA                  | 1,435,911         | 325,502          | 22.7%        |
| IPERS                 | 1,333,186         | 268,641          | 20.2%        |
| Employee Insurance    | 11,010,857        | 2,738,564        | 24.9%        |
| MFPRSI                | 6,419,005         | 1,423,779        | 22.2%        |
| Deferred Compensation | 16,836            | -                | 0.0%         |
| RHSP                  | 847,030           | 190,940          | 22.5%        |
| Fit Pay               | 131,000           | -                | 0.0%         |
| <b>Total</b>          | <b>21,193,825</b> | <b>4,947,426</b> | <b>23.3%</b> |

## Employee Health Insurance Fund

As of the end of September, claims for FY 2022 are 8.64% higher than claims in FY 2021. Claims expenditures are currently trending \$1.04M 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%  |                  | 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          |
| <b>Total</b>                   | <b>14,233,712</b> | <b>13,939,622</b> | <b>11,916,597</b> | <b>100.00%</b> |         | <b>3,897,354</b> |                     |

## FY 2023 Budget Update

During the month of September, the Finance Department hosted the FY 2023 Budget Kickoff meeting. After the meeting, departments began entering budget requests for the FY 2023 budget. Also, budget staff met with departments to review revenue projections. The Finance Department will be working on reviewing budget requests, and preparing FY 2023 for budget review meetings with departments in November.