

MEMORANDUM

DATE: June 29, 2021

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

FROM: Jalatama “Jolly” Omar, Budget Analyst

RE: FY 2021 Monthly Financial Update – Through May 2021

Below is a summary report of the city’s main operating funds as of May 31, 2021 for FY 2021. 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 advanced, projections continued to show overall stability. A monthly financial report will not be issued for June; the year-end FY 2021 report will be issued in the fall.

General Fund Expenditures

As of the end of May, General Fund operating departments ended below expected spending levels. With 91.7% of the year completed, 86.4% of overall budgeted expenditures have been spent. Payroll costs, which are the main driver of the General Fund, are at 86.7% of budgeted levels, which is slightly less than the expected level of 88.5%.

OVERALL DEPARTMENT BUDGET SUMMARY			
Department	Budget	YTD	%
City Council	344,306	268,902	78.1%
Mayor's Office	127,397	135,330	106.2%
Finance	1,443,877	1,251,259	86.7%
Administration	918,494	617,490	67.2%
Human Resources	748,530	695,571	92.9%
Comm. & Econ. Dev.	642,246	517,223	80.5%
Civil Rights	344,703	277,488	80.5%
Dev. & Nbhd. Svc. Dept.	1,945,251	1,746,113	89.8%
Public Works	2,548,412	1,730,619	67.9%
Police Department	19,254,407	17,842,057	92.7%
Fire Department	13,254,608	11,579,245	87.4%
Parks & Recreation	4,281,101	3,021,598	70.6%
Library	2,784,063	2,352,413	84.5%
Total	48,637,395	42,035,309	86.4%

OVERTIME SUMMARY			
Department	Budget	YTD	%
Finance	2,600	234	9.0%
Public Works	67,500	57,109	84.6%
Police	570,858	681,142	119.3%
Fire	211,100	631,751	299.3%
Parks	29,500	20,638	70.0%
Total	881,558	1,390,873	157.8%

There is currently one department with a variance of more than 3.0% above the expected expenditure rate of 91.7%. The Mayor’s Office (106.2%) is above expected expenditure rate due

to changes in staffing allocations between the Mayor’s Office, City Council, and Administration. There are seven departments currently falling 5.0% or more below the expected expenditure rate of 91.7%: City Council (78.1%), Administration (67.2%), Community and Economic Development (80.5%), Civil Rights (80.5%), Public Works (67.9%), Parks and Recreation (70.6%), and Library (84.5%).

The Overtime Summary Report shows two departments with a variance of more than 3.0% above the expected expenditure rate for overtime. The Fire Department (299.3%) has higher-than-expected overtime expenditures due to employees out on injury/medical leave, and the Police Department (119.3%) is above expected overtime expenditures due to overtime costs associated with ongoing investigations and the number of employees on injury/medical leave. While overtime is high for the Fire Department and Police Department, both departments’ total salary and benefits are currently at or slightly above the expected expenditure rate of 88.5%: Police (89.1%) and Fire (88.6%).

General Fund Revenue

As of the end of May, the General Fund has received \$40.9M in property tax payments, which is 8.6% higher than FY 2020. Below is a chart detailing other major revenues. In relation to FY 2020, other major revenue sources are down 0.1%. First, charges for services is down 10.1% compared to FY 2020 due to a decrease in pool admissions, special events, and self-sustaining program attendance. Second, Uses of Money & Property is down 23.2% due to a decrease in Roosevelt and Junior Theatre rent. Finally, Fines & Forfeits is down 7.1% due to fewer speed camera fines collected compared to FY 2020. However, Fines & Forfeits is above budget projections due to higher than expected speed camera fine revenue. Cable TV Franchise revenue is received on a quarterly basis with the third disbursement expected for the month of May. Cable TV Franchise revenue is in line with revenue projections.

Overall, major General Fund revenue sources are in line with budget projections. Although revenues are down compared to FY 2020, 100.5% of major revenues have been collected as of the end of May which is above the expected rate of 91.7%.

SUMMARY OF MAJOR NON-TAX REVENUE SOURCES					
Department	Budget	YTD	Current Projection	YTD Change from FY 2020	% of Budget Collected
Cable TV Franchise	760,000	555,517	760,000	-3.3%	73.1%
Casino Development Fee	1,200,000	1,226,823	1,195,935	22.5%	102.2%
Licenses & Permits	1,919,300	2,244,354	2,064,778	24.6%	116.9%
Charges for Services	3,462,890	3,098,353	3,067,042	-10.1%	89.5%
Uses of Money & Property	790,200	658,075	746,101	-23.2%	83.3%
Fines & Forfeits	1,146,000	1,541,487	1,500,000	-7.1%	134.5%
Total	9,278,390	9,324,610	9,333,856	-0.1%	100.5%

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 May. The majority of this fund's revenue comes from the sales tax disbursements from the state. Typically, the revenue is at 78.9% of total sales tax revenue collected for the year as of the end of May. However, Local Options Sales Tax fund revenue is currently at 112.5%, which is above the expected budget. Overall, Local Option Sales Tax revenue is trending well-above budget due to a higher revision in the monthly disbursement from the State of Iowa and a true-up payment.

SUMMARY OF LOCAL OPTION SALES TAX FUND			
Department	Budget	YTD	% of Budget Collected
Other Taxes (Sales Tax)	16,607,500	18,679,300	112.5%
Charges for services	80,000	103,903	129.9%
Use of Monies & Prop	15,000	11,615	77.4%
Total	16,702,500	18,794,818	112.5%

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. It is important to note that River's Edge, golf concessions, transit passenger charges, and parking fees and fines have experienced some impact in FY 2021 due to the COVID-19 pandemic, but show some stability moving into FY 2022.

SUMMARY MAJOR REVENUE BY FUND				
Department	Budget	YTD	% of Budget Collected	Target
Airport - Hangers / Operations	\$ 171,800	\$ 162,337	94.5%	91.5%
Airport - Fuel	31,100	20,663	66.4%	85.2%
Clean Water Fees	3,030,000	2,451,116	80.9%	75.4%
Solid Waste Fees	6,540,000	5,003,746	76.5%	74.4%
Rivers Edge - Ice Rentals & Admissions	373,000	289,253	77.5%	94.6%
River's Edge - Turf Rentals & Admissions	156,000	76,664	49.1%	95.7%
River's Edge - Concessions	60,000	43,860	73.1%	99.8%
Golf - Green Fees	790,000	831,771	105.3%	83.0%
Golf - Concessions	215,000	159,264	74.1%	84.3%
Transit - Grants	1,730,000	1,107,402	64.0%	68.8%
Transit - Passenger Charges	467,100	266,026	57.0%	92.4%
Parking - Ramps & Fees	1,180,500	649,775	55.0%	92.1%
Parking - Fines	125,000	112,158	89.7%	80.2%
Heritage - Grants	600,000	596,091	99.3%	90.0%
Heritage - Rents	375,000	377,077	100.6%	91.8%
Sewer Fees - Residential	18,400,000	15,310,522	83.2%	74.7%
Sewer Fees - Industrial	3,100,000	3,343,641	107.9%	91.3%
Road Use Tax	12,500,000	11,947,180	95.6%	82.2%
Local Option Sales Tax	16,600,000	17,195,659	103.6%	78.9%
Employee Health - Recovery	-	1,577,610	N/A	N/A

Trust & Agency Fund

As of the end of May, Trust & Agency Fund expenditures are in line with expected budget levels. The expected level of expenditures as of the end of May is 90.2%. Trust & Agency benefits are currently at 89.9% which is slightly below the expected budget of 90.2%.

BENEFIT SUMMARY			
Benefit	Budget	YTD	%
FICA	1,422,752	1,208,902	85.0%
IPERS	1,324,599	1,008,689	76.2%
Employee Insurance	11,197,959	10,377,313	92.7%
MFPRSI	6,097,442	5,391,948	88.4%
RHSP	832,540	778,141	93.5%
Total	20,875,292	18,764,993	89.9%

Employee Health Insurance Fund

As of the end of May, claims for FY 2021 are 2.7% lower than claims in FY 2020. Claims expenditures are currently trending \$1.9M below the original budget of \$15.8 million.

HEALTH CLAIMS PROJECTION MODEL							
	FY 2019	FY 2020	Average	% Total	Cum. %	FY 2021	Year End Projection
July	1,301,936	1,165,155	921,801	7.82%	7.82%	1,077,507	13,771,835
August	931,009	1,203,114	1,008,518	8.56%	16.38%	1,328,983	14,688,039
September	1,035,706	977,833	922,289	7.83%	24.21%	1,181,074	14,817,211
October	1,652,578	1,388,887	963,165	8.18%	32.39%	1,104,134	14,486,267
November	1,130,025	1,111,402	924,253	7.84%	40.23%	1,213,605	14,678,119
December	1,102,052	1,189,299	1,143,175	9.70%	49.93%	1,126,545	14,082,013
January	1,219,386	1,235,191	912,139	7.74%	57.68%	964,700	13,864,375
February	1,285,767	1,115,559	780,877	6.63%	64.30%	1,115,936	14,170,766
March	1,143,703	1,481,989	1,069,112	9.07%	73.38%	1,139,423	13,971,148
April	1,148,181	1,311,637	1,004,103	8.52%	81.90%	1,137,471	13,906,161
May	1,211,226	706,360	996,322	8.46%	90.36%	1,155,054	13,883,007
June	1,201,077	1,347,286	1,135,974	9.64%	100.00%		
Total	14,362,646	14,233,712	11,781,729	100.00%		11,389,378	