



MEMORANDUM

DATE: March 15, 2022

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

FROM: Jalatama “Jolly” Omar, Budget Analyst

RE: FY 2022 Monthly Financial Update – Through February 2022

Below is a summary report of the city’s main operating funds as of February 28, 2022 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.

General Fund Expenditures

As of the end of February, General Fund operating departments ended slightly below expected spending levels. With 66.7% of the year completed, 65.4% of overall budgeted expenditures have been spent. Payroll costs, which are the main driver of the General Fund, are at 64.6% of budgeted levels, which is below the expected level of 67.8%.

OVERALL DEPARTMENT BUDGET SUMMARY			
Department	Budget	YTD	%
City Council	321,993	207,889	64.6%
Mayor's Office	142,184	89,944	63.3%
Finance	1,540,582	1,040,150	67.5%
Administration	821,019	506,802	61.7%
IT	-	(77,801)	-
Human Resources	774,280	537,027	69.4%
Comm. & Econ. Dev.	674,019	408,355	60.6%
Civil Rights	363,387	222,402	61.2%
Dev. & Nbhd. Svc. Dept.	2,109,768	1,340,372	63.5%
Public Works	3,271,879	2,001,339	61.2%
Police Department	19,560,634	12,961,904	66.3%
Fire Department	13,384,572	9,024,805	67.4%
Parks & Recreation	4,337,550	2,658,762	61.3%
Library	2,784,616	1,828,235	65.7%
Total	50,086,483	32,750,184	65.4%

OVERTIME SUMMARY			
Department	Budget	YTD	%
Finance	2,600	33	1.3%
Human Resources	-	48	-
CED	-	192	-
DNSD	2,000	8,096	404.8%
Public Works	67,500	29,713	44.0%
Police	570,858	280,399	49.1%
Fire	211,100	674,439	319.5%
Parks	29,500	25,689	87.1%
Library	5,135	260	5.1%
Total	888,693	1,018,869	114.6%

Overall, there are no departments that are exceeding expected budget amounts. There are currently four departments falling 5.0% or more below the expected expenditure rate of 66.7%,

Community and Economic Development (60.6%), Civil Rights (61.2%), Public Works (61.2%), and Parks & Recreation (61.3%).

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 has not been a continued expense. The Community and Economic Development Department incurred overtime costs during the fall related to community event staffing. Also, the Development and Neighborhood Services Department (404.8%) is above expected overtime expenditures due to overtime costs related to inspections and code enforcement. The Fire Department (319.5%) has higher-than-expected overtime expenditures. While overtime is high for the Fire Department, the department's total salaries and benefits are currently slightly below the expected expenditure rate of 67.8%: (66.9%). Finally, the Parks and Recreation Department (87.1%) is above expected overtime levels due to overtime related to parks operations and recreation programs.

General Fund Revenue

As of the end of February, the General Fund has received \$20.7M in current property taxes, which is 3.0% higher than FY 2021 YTD (\$20.1M). Below is a chart detailing other major revenues. In relation to FY 2021 YTD, other major revenue sources are up 29.9%. First, Cable TV Franchise revenue is received on a quarterly basis, and the second disbursement was received in January. Next, Casino Development Fee revenues are up 12.3% compared to FY 2021 YTD. Licenses and permits is up 92.6% due to higher building permits associated with Amazon construction. Charges for services is up 28.2% which can be attributed to an increase in rental inspections completed. Also, Uses of Money and Property are down 15.1% YTD, but is expected to stabilize in the coming months. Finally, Fines & Forfeits is up 8.6% due to an increase in speed camera fine collections compared to FY 2021 YTD.

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	319,276	658,262	-	42.0%
Casino Development Fee	1,200,000	923,700	1,455,224	12.3%	77.0%
Licenses & Permits	1,919,300	2,524,199	3,593,444	92.6%	131.5%
Charges for Services	3,851,072	2,754,719	3,883,791	28.2%	71.5%
Uses of Money & Property	789,040	418,202	786,602	-15.1%	53.0%
Fines & Forfeits	1,255,500	1,228,026	1,840,265	8.6%	97.8%
Total	9,774,912	8,168,123	12,217,588	29.9%	83.6%

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 February. 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 87.9%, which is above the expected budget YTD. These numbers include a \$4.1M true-up payment received from the State of Iowa in November.

SUMMARY OF LOCAL OPTION SALES TAX FUND			
Department	Budget	YTD	% of Budget Collected
Other Taxes (Sales Tax)	16,607,500	14,579,674	87.8%
Charges for services	80,000	100,612	125.8%
Use of Monies & Prop	15,000	9,077	60.5%
Total	16,702,500	14,689,363	87.9%

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	118,388	67.7%	65.8%
Airport - Fuel	31,100	25,258	81.2%	58.6%
Clean Water Fees	3,120,000	1,747,563	56.0%	51.6%
Solid Waste Fees	6,732,500	3,503,053	52.0%	49.9%
Rivers Edge - Ice Rentals & Admissions	345,000	120,888	35.0%	65.7%
River's Edge - Turf Rentals & Admissions	130,000	73,018	56.2%	84.1%
River's Edge - Concessions	50,000	34,683	69.4%	86.4%
Golf - Green Fees	800,000	603,401	75.4%	58.2%
Golf - Concessions	210,000	151,906	72.3%	62.3%
Transit - Grants	1,775,000	1,394,642	78.6%	15.6%
Transit - Passenger Charges	431,000	246,013	57.1%	70.2%
Parking - Ramps & Fees	1,074,100	601,791	56.0%	68.1%
Parking - Fines	120,000	77,272	64.4%	55.6%
Sewer Fees - Residential	19,688,000	11,602,558	58.9%	52.1%
Sewer Fees - Industrial	3,317,000	2,976,850	89.7%	66.8%
Road Use Tax	12,800,000	7,926,673	61.9%	58.1%
Local Option Sales Tax	16,600,000	14,485,896	87.3%	55.9%
Employee Health - Recovery	-	1,598,323	N/A	N/A

Trust & Agency Fund

As of the end of February, Trust & Agency Fund expenditures are slightly below expected budget levels. The expected level of expenditures as of the end of February is 67.2%. Trust & Agency benefits are currently at 65.3% which is slightly below the expected budget.

BENEFIT SUMMARY			
Benefit	Budget	YTD	%
FICA	1,435,911	931,613	64.9%
IPERS	1,333,186	770,094	57.8%
Employee Insurance	11,010,857	7,515,548	68.3%
MFPRSI	6,419,005	4,067,363	63.4%
Deferred Compensation	16,836	-	0.0%
RHSP	847,030	555,166	65.5%
Fit Pay	131,000	-	0.0%
Total	21,193,825	13,839,784	65.3%

Employee Health Insurance Fund

As of the end of February, claims for FY 2022 are 14.4% higher than claims in FY 2021. Claims expenditures are currently trending about \$395K above 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	12,034,289
August	1,203,114	1,328,983	1,028,548	8.63%	16.45%	1,515,769	14,934,665
September	977,833	1,181,074	938,463	7.88%	24.32%	1,440,852	16,022,943
October	1,388,887	1,104,134	971,975	8.16%	32.48%	1,117,746	15,440,547
November	1,111,402	1,213,605	942,338	7.91%	40.39%	1,209,077	15,411,016
December	1,189,299	1,126,545	1,142,136	9.58%	49.97%	1,826,517	16,110,327
January	1,235,191	964,700	915,424	7.68%	57.65%	970,399	15,646,901
February	1,115,559	1,115,936	801,818	6.73%	64.38%	1,402,590	16,190,176
March	1,481,989	1,139,423	1,073,507	9.01%	73.39%		
April	1,311,637	1,137,471	1,012,438	8.50%	81.89%		
May	706,360	1,155,054	1,006,243	8.44%	90.33%		
June	1,347,286	1,395,190	1,152,175	9.67%	100.00%		
Total	14,233,712	13,939,622	11,916,597	100.00%		10,423,683	

FY 2023 Budget Update

During the month of February, the city held a public hearing for the FY 2023 Maximum Property Tax levy rate and amount. Also, the city set the public hearing date for the FY 2023 Budget to be scheduled on March 16, 2022. Additionally, the Finance Department worked to finalize various allocations and reports on the proposed FY 2023 Budget.