



MEMORANDUM

DATE: April 25, 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 March 2022

Below is a summary report of the city’s main operating funds as of March 31, 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 March, General Fund operating departments ended slightly below expected spending levels. With 75.0% of the year completed, 72.9% of overall budgeted expenditures have been spent. Payroll costs, which are the main driver of the General Fund, are at 71.9% of budgeted levels, which is in line with the expected level of 71.8%. For context, this is primarily due to one-time payouts. Also, full-time salaries are trending below budget (68.7%), compared to the expected target YTD.

OVERALL DEPARTMENT BUDGET SUMMARY			
Department	Budget	YTD	%
City Council	321,993	237,369	73.7%
Mayor's Office	142,184	100,496	70.7%
Finance	1,540,582	1,151,929	74.8%
Administration	821,019	567,502	69.1%
IT	-	(69,957)	-
Human Resources	774,280	592,316	76.5%
Comm. & Econ. Dev.	674,019	427,830	63.5%
Civil Rights	363,387	253,374	69.7%
Dev. & Nbhd. Svc. Dept.	2,109,768	1,493,319	70.8%
Public Works	3,271,879	2,317,618	70.8%
Police Department	19,560,634	14,414,939	73.7%
Fire Department	13,384,572	10,047,900	75.1%
Parks & Recreation	4,337,550	2,933,657	67.6%
Library	2,784,616	2,036,468	73.1%
Total	50,086,483	36,504,761	72.9%

OVERTIME SUMMARY			
Department	Budget	YTD	%
Finance	2,600	33	1.3%
Human Resources	-	48	-
CED	-	192	-
DNSD	2,000	8,919	446.0%
Public Works	67,500	33,376	49.4%
Police	570,858	322,895	56.6%
Fire	211,100	734,506	347.9%
Parks	29,500	28,690	97.3%
Library	5,135	419	8.2%
Total	888,693	1,129,026	127.0%

Overall, there are no departments that exceed the expected budget targets. There are currently four departments falling 5.0% or more below the expected expenditure rate of 75.0%, Community and Economic Development (63.5%), Civil Rights (69.7%), Public Works (70.8%), and Parks & Recreation (67.6%).

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 (446.0%) is above expected overtime expenditures due to overtime costs related to inspections and code enforcement. The Fire Department (347.9%) has higher-than-expected overtime expenditures due to employees out on injury/military leave. Finally, the Parks and Recreation Department (97.3%) is above expected overtime levels due to overtime related to parks operations and recreation programs.

General Fund Revenue

As of the end of March, the General Fund has received \$22.3M in current property taxes, which is 3.5% higher than FY 2021 YTD (\$21.6M). Below is a chart detailing other major revenues. In relation to FY 2021 YTD, other major revenue sources are up 27.1%. First, Cable TV Franchise revenue is received on a quarterly basis, and the second disbursement was received in January. The third quarterly disbursement is expected to be received in April. Next, Casino Development Fee revenues are up 10.9% compared to FY 2021 YTD. Licenses and permits is up 71.8% due to higher building permits associated with Amazon construction. Charges for services is up 27.7% which can be attributed to an increase in rental inspections completed. Also, Uses of Money and Property are down 14.9% YTD, but is expected to stabilize in the coming months. Finally, Fines & Forfeits is up 9.8% 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	1,030,793	1,455,224	10.9%	85.9%
Licenses & Permits	1,919,300	2,975,765	3,762,404	71.8%	155.0%
Charges for Services	3,851,072	3,110,054	3,883,791	27.7%	80.8%
Uses of Money & Property	789,040	523,724	786,602	-14.9%	66.4%
Fines & Forfeits	1,255,500	1,364,271	1,864,795	9.8%	108.7%
Total	9,774,912	9,323,883	12,411,078	27.1%	95.4%

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 March. 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 106.3%, which is above the expected budget for FY 2022. These numbers include a \$4.1M true-up payment received from the State of Iowa in November. Excluding the true-up payment, the LST Fund is at 81.5% which is higher than the 4-year average of 65.8% YTD.

SUMMARY OF LOCAL OPTION SALES TAX FUND			
Department	Budget	YTD	% of Budget Collected
Other Taxes (Sales Tax)	16,607,500	17,655,249	106.3%
Charges for services	80,000	93,544	116.9%
Use of Monies & Prop	15,000	10,669	71.1%
Total	16,702,500	17,759,462	106.3%

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	133,185	76.1%	74.2%
Airport - Fuel	31,100	25,258	81.2%	63.1%
Clean Water Fees	3,120,000	2,006,547	64.3%	59.8%
Solid Waste Fees	6,732,500	4,135,144	61.4%	59.1%
Rivers Edge - Ice Rentals & Admissions	345,000	148,523	43.1%	76.8%
River's Edge - Turf Rentals & Admissions	130,000	81,835	63.0%	92.1%
River's Edge - Concessions	50,000	35,116	70.2%	95.3%
Golf - Green Fees	800,000	624,369	78.0%	60.6%
Golf - Concessions	210,000	152,908	72.8%	63.7%
Transit - Grants	1,775,000	1,429,479	80.5%	20.7%
Transit - Passenger Charges	431,000	290,713	67.5%	78.5%
Parking - Ramps & Fees	1,074,100	679,260	63.2%	77.0%
Parking - Fines	120,000	92,277	76.9%	67.3%
Sewer Fees - Residential	19,688,000	13,422,671	68.2%	60.9%
Sewer Fees - Industrial	3,317,000	3,276,124	98.8%	74.5%
Road Use Tax	12,800,000	8,561,968	66.9%	62.9%
Local Option Sales Tax	16,600,000	17,481,310	105.3%	65.8%
Employee Health - Recovery	-	1,598,323	N/A	N/A

Trust & Agency Fund

As of the end of March, Trust & Agency Fund expenditures are slightly below expected budget levels. The expected level of expenditures as of the end of March is 73.5%. Trust & Agency benefits are currently at 73.2% which is in line with the expected budget.

BENEFIT SUMMARY			
Benefit	Budget	YTD	%
FICA	1,435,911	1,039,112	72.4%
IPERS	1,333,186	862,317	64.7%
Employee Insurance	11,010,857	8,449,151	76.7%
MFPRSI	6,419,005	4,541,691	70.8%
Deferred Compensation	16,836	-	0.0%
RHSP	847,030	619,554	73.1%
Fit Pay	131,000	-	0.0%
Total	21,193,825	15,511,825	73.2%

Employee Health Insurance Fund

As of the end of March, claims for FY 2022 are 15.4% higher than claims in FY 2021. Claims expenditures are currently trending about \$320K 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%	1,403,597	16,115,379
April	1,311,637	1,137,471	1,012,438	8.50%	81.89%		14,443,363
May	706,360	1,155,054	1,006,243	8.44%	90.33%		13,093,218
June	1,347,286	1,395,190	1,152,175	9.67%	100.00%		11,827,280
Total	14,233,712	13,939,622	11,916,597	100.00%		11,827,280	

FY 2023 Budget Update

During the month of March, the City Council adopted the FY 2023 Operating and Capital Improvement Budget. Also, city staff began preparing a list of budget amendments for the current fiscal year to present to Council on May 4th. Additionally, the Finance team continued the development of the FY 2023 Budget Book, which will be submitted to the GFOA for review in June.