



**INTEROFFICE MEMORANDUM**  
*Office of the City Manager*

**DATE:** May 4, 2022 **FILE:** CM-22-018

**TO:** Mayor, Vice Mayor, and City Commissioners

**FROM:** Dr. Wazir A. Ishmael  
City Manager

**SUBJECT:** FY 2022 Second Quarter Budget Report

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**Issue:**

Second Quarter Analysis of Budget Compared to Actual Revenues and Expenditures.

**Explanation:**

This second quarter analysis of the City's budget compared to actual revenues and expenditures is for your information. This report is for the period beginning October 1, 2021 and ending March 31, 2022 with projections through September 30, 2022. Should you have any questions, Staff is available at your convenience.

**Recommendation:**

For your information.

c: Deputy City Manager  
Assistant City Managers  
City Attorney  
Department/Office Directors  
CRA Executive Director



**DATE:** May 5, 2022 **FILE:** OBPM 22-012

**TO:** Wazir A. Ishmael, Ph.D.  
City Manager

**VIA:** Adam Reichbach  
Assistant City Manager, Finance and Administration

**FROM:** Laurette Jean  
Budget Director

**SUBJECT:** Fiscal Year 2022 – Second Quarter Budget Projections

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The following report provides an overview of the City’s operating revenues and expenditures through March 31, 2022, as compared to budgeted amounts. The purpose of this report is to increase transparency of the City’s finances, adjust budget projections based on emerging trends, and proactively respond to unanticipated changes.

**General Fund Revenue Update**

Approximately 57.6% of the General Fund revenues have been collected through the end of the second quarter. Based on posted transactions through March 31, 2022, General Fund revenues are projected to have a surplus of \$5.1 million by year-end. General Fund revenues projections are driven by the following revenue sources:

- Property Taxes: 96.6% of the budgeted property tax revenues have been collected.  
*Estimated Revenue Gain: Approximately \$689,000*
- Franchise Fees: Based on collections to date, franchise fee revenues are anticipated to come in higher than budget. This is primarily due to the increases in the fuel tax charged by FPL and solid waste franchise fees for private haulers.  
*Estimated Revenue Gain: Approximately \$1,465,000*
- Intergovernmental: Two of the major revenue sources in this category include sales tax and state shared revenues. Taking into account the State’s optimistic projections with sales tax revenues and our analysis of collections to date, revenue gains are projected to be higher than budget.  
*Estimated Revenue Gain: Approximately \$1,392,000*

- **User Charges/Fees:** This revenue category consists of user charges and fees collected from individuals in exchange for a particular service or benefit. Most of the large revenue sources in this category are expected to reflect a revenue gain while a few other revenue sources (i.e., Park revenues) are projected to come in under budget. Additional research is underway to understand the cause of the revenue fluctuations.

*Estimated Revenue Gain: Approximately \$542,000*

- **Reimbursements:** The Finance Department has historically charged an internal fee to all City funds for cash management services. The Revenue Estimating Committee has determined that the method in which the charges are made should be reevaluated as part of the cost allocation study currently underway. For this reason, the budget projections assume that the fee will not be charged until an appropriate resolution has been identified.

*Estimated Revenue Loss: Approximately < \$805,000 >*

- **Miscellaneous:** This revenue category contains sources that are not typically included in the adopted budget due to the infrequency of revenue source, difficulty in estimating from year to year, and/or the one-time nature of the revenue source. The expected surplus in this category is related to the sale of a City-owned property located on Van Buren Street.

*Estimated Revenue Gain: Approximately \$1,332,000*

The table summarizes the General Fund revenue budget compared to projections.

**Table 1: General Fund Revenue Projections**

Revenues	FY 2022 Amended Budget	FY 2022 Projection	Positive (Negative) Variance
Property Taxes	134,729,401	135,418,563	689,162
Franchise Fees	12,385,000	13,850,000	1,465,000
Utilities Service Taxes	20,412,000	20,705,872	293,872
Licenses & Permits	2,275,000	2,549,240	274,240
Intergovernmental	15,774,000	17,166,533	1,392,533
User Charges/Fees	44,076,946	44,619,647	542,701
Fines & Forfeitures	755,500	684,564	(70,936)
Reimbursements	22,111,329	21,306,329	(805,000)
Transfers In	6,722,112	6,722,112	-
Miscellaneous & Interest	1,697,840	3,030,664	1,332,824
Fund Balance -Other	7,714,194	7,714,194	-
17% Reserve	40,980,974	40,980,974	-
<b>Total Revenues</b>	<b>309,634,296</b>	<b>314,748,691</b>	<b>5,114,395</b>

## General Fund Expenditure Update

Unlike revenues, operating expenditures tend to be more consistent and controllable. As of March 31, 2022, approximately 44.8% of the General Fund appropriations budget has been expended. The information below highlights a few notable expenditure trends:

- Personnel expenditures are expected to come in under budget primarily due to vacancies. A few departments continue to experience higher than usual vacancies. The current vacancy rate in the Police Department is 7%, the Development Services Department vacancy rate is 16%, Public Works has a vacancy rate of 24%, and Public Utilities has a vacancy rate of 17%. The Office of Human Resources continue to work diligently with City departments and offices to fill vacancies as quickly as possible.
- The operating expenditures are projected to be nearly 99% spent. Many of the departments have seen cost increases with supplies and contractual services due to inflation, supply-chain bottlenecks, and other economic factors. Thus far, budget transfers have been sufficient to cover the impact of these economic factors.
- The City continues to maintain 17% fund balance reserves.

Based on the expenditures to date and anticipated expenditures through the end of the fiscal year, the estimated savings in the General Fund by year-end is \$2.5 million.

**Table 2: General Fund Expenditure Projection**

Expenditures	FY 2022 Amended Budget	FY 2022 Projection	Positive (Negative) Variance
Personnel Services	192,759,365	190,618,748	2,140,617
Operating	39,464,455	39,039,641	424,814
Capital Outlay	313,265	310,355	2,910
Debt Service	5,055,156	5,055,156	-
Non-Operating	31,061,081	31,061,081	-
Subtotal	268,653,322	266,084,981	2,568,341
17% Reserve	40,980,974	40,980,974	-
<b>Total Expenditures</b>	<b>309,634,296</b>	<b>307,065,955</b>	<b>2,568,341</b>

Overall, the General Fund is expected to end the fiscal year with a net surplus of approximately \$7.7 million. As a reminder, this projection report is based on two quarters of actuals and does not accurately represent the outcome of revenues and expenditures by year end. If all assumptions remain constant and the projected net surplus is realized, the \$7.7 million would be used to close the FY23 budget gap (as we have done in the past).

## **Building Fund Update**

Building permit revenues are trending behind actual revenue collections during the same period in the prior year. The three revenue areas expected to be under budget are general permits, plumbing, and air conditioning permits. If this trend continues, the subsequent fiscal year revenue budget will be adjusted to reflect this trend. Building expenditures are expected to end with a surplus primarily related to expedited permit review fees used to offset related expenditures. Based on the current projections, the Building Fund is expected to end the year with a net overage of approximately \$55,000, however, this is subject to change if revenue collections improve over the summer months.

## **Internal Service Fund Update**

The Internal Service Funds consist of the Central Service Fund for services rendered to internal departments (such as IT) and the Insurance Fund (health and risk management). The Central Service Fund is expected to end the fiscal year with an estimated surplus of \$172,947 and the Insurance Fund is expected to end the fiscal year with an estimated surplus of \$4.1 million. Anticipated pharmacy rebates and Medicare Part D rebates contribute to the estimated surplus in the insurance fund.

## **Enterprise Funds**

### *Water & Sewer Utility Fund*

The Water & Sewer Utility Fund continue to experience an increase in aging account receivables compared to the prior fiscal year. On the expenditure side, the Public Utilities Department has 39 vacancies which contribute to a projected operating savings of \$820,701. The vacant positions are actively in the recruitment process and are expected to be filled before the end of the year.

Assuming that the outstanding account receivables are collected in a timely manner and projected expenditures savings, it is anticipated that the fund will end the year with a net gain of \$4.9 million.

### *Stormwater Fund*

Stormwater revenues and expenditures are anticipated to come in at budget with a net gain of \$225,342. There are no significant variances or fiscal challenges expected through the end of the fiscal year.

### *Sanitation Fund*

The Sanitation Fund is expected to end the fiscal year with a net gain of approximately \$360,868. Similar to the Water & Sewer Utility Fund, it is challenging to accurately predict revenue collections with the increased aging of account receivables. A review of the aging

accounts is underway and as payments are made, we will be able to better determine revenue collections throughout the year.

### *Parking Fund*

To date, parking revenues are trending positively and are expected to exceed pre-pandemic levels this year (particularly with metered street parking). Collections year to date has exceeded collections during the same quarters in the prior year. Expenditures are projected to fall within budget. Overall, the fund is expected to end the fiscal year with a projected net gain of \$2.3 million.

### *Golf Fund*

The Golf Fund is expected to end the fiscal year in a small deficit. However, the revenues collected to date has significantly exceeded revenues from the same period in the prior year. Based on conversations with the department, the increase is attributable to higher volume of plays by visitors and members this year.

### **Summary**

In summary, nearly all Citywide funds are managing well within budget and are expected to end the fiscal year in a positive position. As previously mentioned, the projections presented in this report are based on financial data through the end of March and are subject to change. The most notable factors impacting revenues and expenditures as of the end of the second quarter include higher than usual employee turnover, high inflation, and supply-chain challenges. We will continue to monitor economic conditions and work with City departments and offices to adjust the budget as needed.

Attachments: FY 2022 Budget Snapshot (Period Ending March 31, 2022)