



# **FY 2023 Budget Discussion**

## **January 24, 2022**

## FY 2023 BUDGET - HIGHLIGHTS

### Total Budgets:

- City Wide:                    \$269.1M    (Increase of \$17.4M / 7% over FY 2022)
- General Fund:                \$122.3M    (Increase of \$13.2M / 12% over FY 2022)

### Other Highlights:

- Capital Projects:            \$56.9M    (Decrease of \$4.4M / 7% under FY 2022)
- GF Fund Balance:    +\$32.0M    (2023 Projection with a \$1.8M operating use of fund balance – and pending FY 2022 Final)
- Cash for Equipment:    \$6.3M    (General Fund all cash - \$4.9M)

# FY 2023 BUDGET – GROWTH REVIEW (\$ in millions)

	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Total City Wide Budget	186.3	207.6	214.1	210.1	227.5	230.3	251.7	269.1
Capital Projects *	20.5	22.1	24.9	26.7	40.1	40.9	61.3	56.9
Strategic Additions **	-	4.7	4.7	4.7	4.7	4.7	4.7	4.7
Nonrecurring: ARPA, Library	-	-	-	-	-	-	-	7.6
Net Operating Budget	165.80	180.80	184.50	178.70	182.70	184.70	185.70	199.90

Growth from 2016	19.90	34.10
Annual Growth Rate	2.0%	2.9%

\* Larger projects are paid from accumulated fund savings = can vary significantly year to year.

In addition, some get rolled / rebudgeted in the following year - due to timing issues etc.

\*\* Non-Capital Strategic Additions since 2016:

HR Sales Tax - Cty / Mntl Hlth FY17	2.3
Utility Tax - Pensions FY17	2.4
	<u>4.7</u>

# FY 2023 BUDGET – MAJOR TAX REVENUES

Revenue Source	2022 Budget	2023 Proposed	Dollar Change	Percent Change	Notes
Property Tax Levy	26,008,629	27,254,285	1,245,656	4.79%	Library increase of 850K for bond/expansion, remainder EAV related
Home Rule Sales Tax	22,053,823	27,810,298	5,756,475	26.10%	Increase due to Level the Playing Field Legislation (online retailers)
State Sales Tax	14,500,000	16,500,000	2,000,000	13.79%	Increase due to Level the Playing Field Legislation (online retailers)
Income Tax	8,000,000	9,000,000	1,000,000	12.50%	Increase due to Corporate Income Tax increases. Per capita revenue.
Utility Tax	5,858,063	5,463,016	(395,047)	-6.74%	Reduction in Telecomm
Food & Beverage Tax	4,000,000	4,522,062	522,062	13.05%	Increase due to less COVID restrictions than prior year
Local Motor Fuel Tax	4,000,000	4,100,000	100,000	2.50%	Pre-COVID 4.7M
Local Use Tax	2,400,000	3,030,000	630,000	26.25%	Increase per trend. Per capita revenue.
Franchise Tax	1,922,636	1,922,636	-	0.00%	Agreements in place with utilities/status quo
Replacement Tax	1,600,000	2,500,000	900,000	56.25%	Increase due to Corporate Income Tax / IML estimate
Hotel & Motel Tax	900,000	1,750,000	850,000	94.44%	Increase due to Rivian construction
Package Liquor	1,400,000	1,503,002	103,002	7.36%	Small increase per trend
Amusement Tax	800,000	1,020,000	220,000	27.50%	Increase due to addition of streaming - triggered by State statute change
Video Gaming Tax	850,000	1,200,000	350,000	41.18%	Increase due to COVID restrictions relaxed/betting limit increase
<b>TOTAL MAJOR REVENUES</b>	<b>94,293,151</b>	<b>107,575,299</b>	<b>13,282,148</b>	<b>14.09%</b>	

2022 Redux from 2021

(3,600,000)

Levy

(1,245,656)

Net Increase

8,436,492

(\$+5M due to new sources of online retail tax, cannabis and streaming)

# FY 2023 BUDGET – GENERAL FUND - REVENUES

Revenues	2022 Budget	2023 Proposed	Dollar Change	Percent Change	Notes
Use of Fund Balance	3,397,506	2,806,239	(591,267)	-17.4%	Restricted Pension Reserves-\$1M, remainder to Capital
Taxes	86,130,956	92,634,065	6,503,109	7.6%	Increase due to online retail tax, cannabis and streaming
Licenses	621,945	710,045	88,100	14.2%	Liquor license increase
Permits	820,975	813,500	(7,475)	-0.9%	
Intergov Revenue	264,918	6,968,904	6,703,986	2530.6%	American Rescue Plan Act of 5.6M; 600K fire dept grant for equipment
Charges for Services	13,008,054	13,403,037	394,983	3.0%	
Fines & Forfeitures	665,700	736,000	70,300	10.6%	Reflects trend
Investment Income	111,175	160,529	49,354	44.4%	Reflect impact from investment advisor engagement
Misc Revenue	517,865	540,687	22,822	4.4%	
Sale Capital Assets	28,500	24,374	(4,126)	-14.5%	
Transfer In	3,499,107	3,516,411	17,304	0.5%	
<b>TOTAL REVENUE</b>	<b>109,066,701</b>	<b>122,313,789</b>	<b>13,247,088</b>	<b>12.1%</b>	

# FY 2023 BUDGET – GENERAL FUND - EXPENSES

Expenditures	2022 Budget	2023 Proposed	Dollar Change	Percent Change	Notes
Salaries	42,318,251	44,712,639	2,394,388	5.7%	Various staffing to advance City initiatives (primarily IT)
Benefits	12,333,409	13,120,079	786,670	6.4%	Staffing increases, health insurance incr of 6%
Contractuals	13,546,742	13,727,602	180,860	1.3%	
Commodities	7,823,700	8,285,060	461,360	5.9%	Increase for concrete, asphalt and fuel
Capital Expenditures	600,000	5,402,485	4,802,485	0.0%	\$4.9M in cash for equipment
Principal Expense	2,357,280	1,778,659	(578,621)	-24.5%	Reduction related to paying cash for equipment
Interest Expense	248,823	142,948	(105,875)	-42.6%	Reduction related to paying cash for equipment
Other Intergov Exp	17,662,606	17,764,149	101,543	0.6%	
Other Expenditures	3,616,894	8,695,369	5,078,476	140.4%	ARPA grant assumed 5.6M expenditure - placeholder
Transfer Out	8,558,997	8,684,800	125,803	1.5%	
<b>TOTAL EXPENSE</b>	<b>109,066,701</b>	<b>122,313,789</b>	<b>13,247,088</b>	<b>12.1%</b>	

## FY 2023 BUDGET – CAPITAL PROJECTS – BY FUND

➤ Capital Improvement	\$ 4.2M
➤ Creativity Center	\$ 0.5M
➤ Asphalt and Concrete	\$ 7.0M
➤ Motor Fuel Tax	\$25.2M
➤ Water*	\$ 7.9M
➤ Sewer*	\$ 4.8M
➤ Storm Water*	\$ 2.7M
➤ Lincoln Garage	\$ 0.6M
➤ Golf	\$ 0.2M
➤ Arena	\$ 3.8M

Total Capital Projects: \$56.9M

\* Includes acceleration of Phase 4 and 5 of the Locust Colton Project

## FY 2023 BUDGET – NEXT STEPS

### Remaining FY 2023 Budget Schedule:

- Budget Update: February 21, 2022
- Proposed Budget Presentation: February 28, 2022
- Proposed Budget Public Hearing: March 14, 2022
- Final Budget Adoption: April 11, 2022