

# City of Idaho Falls

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Fiscal Year 2022/23  
Proposed City-Wide Budget Presentation  
Tuesday, July 12, 2022



# Introduction to Gravity

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Gravity contracted to provide three services: Annual Comprehensive Financial Report (ACFR), Budget database and report, and Lease database and reporting.

- Gravity Annual Comprehensive Financial Report (ACFR)
- Gravity budget data base
  - Cloud base platform for accumulation of data
    - Shows historical data
    - Ability to track changes
    - Ability to add additional information
    - Ability to create and maintain FTE schedules



# Introduction to Gravity (Continued)

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- Gravity budget report
  - Budget report for citizens to analyze and receive information
    - Budget template will include narratives from Mayor and Directors
    - Relevant departmental budget data
    - Position information by department
    - Explanation of governmental accounting structure

# Budget Preparation Changes and Assumptions

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The following working assumptions were used in the creation of budget documents.

- Salaries and wages of regular employees (also know as benefited employees) were calculated with the following adjustments.
  - General employees- minimum 4% increase (*as directed by City Council*)
  - Fire Union employees- 5% Increase (*as negotiated by union contract*)
  - Idaho Falls Power Department- 6% budgetary placeholder (*as communicated by General Manager Prairie*)
- Benefits were calculated using the 2020 benefit ratios in conjunction with Pacific Source's second year contract; meaning, the second year of Pacific Source's contract brings the cost back to the same ratios as they were in FY2020.



# Budget Preparation Changes and Assumptions (Continued)

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- Inter-departmental charges were applied consistent with previous year cost driver methodologies; charges are based of the previous figures plus 3%. A “look back” approach has been implemented to streamline the calculation process and to prevent drastic changes that could occur during the budget process.
- Fleet maintenance cost allocation was increased by 20% or more to offset the rising cost of fuel and parts.
- Changes in funds
  - New impact fee funds.
  - Reviewing capital improvement fund types.
  - Combined Conservation Fund into Idaho Falls Power budget.



# Budget Preparation Changes and Assumptions (Continued)

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- Municipal Equipment Replacement Funds (MERF) expenditures are now budgeted by department and division and not in a separate fund.
- Resources accumulated for the purchase of MERF equipment are presented below the summary revenues on the Division summary and presented in total resources.
  - MERF depreciation calculations were revisited and communicated to directors.
- Segregated general ledger account codes for grant expenditures that match revenues
  - Approved American Rescue Plan Act (ARPA) fund requests were included in each department and division and are represented as both revenue and expenditure.



# Budget Preparation Changes and Assumptions (Continued)

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- No property tax increase has been included in the respective funds. Requests for additional tax revenue is included in the requests list.
- Governmental Fund departments were requested to submit a flat operational budget compared to the previous year. Increases to operational budgets for the initial draft were allowed based on additional funding sources or approval from the Mayor.

# Total Proposed Budget Overview

Division	2021/22 Budget		2022/23 (Proposed) Budget		\$ Change	% Change	FTE Count
	Expenditure	Revenue	Expenditure	Resources*	Expenditure	Expenditure	
General Fund	\$ 53,612,553	\$ 53,588,052	\$ 62,854,850	\$ 62,268,286	\$ 9,242,297	17%	428
Special Revenue Fund	\$ 57,115,052	\$ 32,046,914	\$ 56,160,395	\$ 30,090,221	\$ (954,657)	-2%	113
Impact Fees Funds	\$ -	\$ -	\$ 4,696,065	\$ 4,696,065	\$ 4,696,065	#DIV/0!	-
Capital Improvement	\$ 36,220,000	\$ 34,713,920	\$ 40,730,000	\$ 39,251,424	\$ 4,510,000	12%	-
Enterprise Funds	\$ 145,238,535	\$ 114,095,237	\$ 165,206,710	\$ 129,887,941	\$ 19,968,175	14%	181
<b>Total City-Wide</b>	<b>\$ 292,186,140</b>	<b>\$ 234,444,123</b>	<b>\$ 329,648,020</b>	<b>\$ 266,193,937</b>	<b>\$ 37,461,880</b>	<b>13%</b>	<b>722</b>

\* Budget Year 2023 Revenue title was changed to Resources to encompass the use of MERF cash in the respective departments.





# Total Proposed Budget Overview by Functional Category- Revenue

Functional Category	FY 2021-2022	FY 2022-2023	Difference
Taxes & Franchises	71,463,424	71,088,969	(374,455)
Licenses and Permits	1,529,055	1,581,026	51,971
Intergovernmental Revenue	37,049,396	63,315,898	26,266,502
Charges for Services	99,398,397	118,832,484	19,434,087
Fines & Forfeitures	269,500	266,100	(3,400)
Investment Income	1,750,600	1,077,612	(672,988)
Rentals & Leases	1,594,655	1,784,986	190,331
Contributions & Donations	2,384,550	2,084,085	(300,465)
Sale of Property	9,262,500	402,000	(8,860,500)
Miscellaneous	3,229,643	715,694	(2,513,949)
Non Revenue MERF/Transfers	6,512,403	5,045,083	(1,467,320)
<b>Total Resources</b>	<b>234,444,123</b>	<b>266,193,937</b>	<b>31,749,814</b>



# Total Proposed Budget Overview by Functional Category- Expense

<u>Functional Category</u>	<u>FY 2021-2022</u>	<u>FY 2022-2023</u>	<u>Difference</u>
Salaries and Wages	53,798,959	56,324,412	2,525,453
Benefits	24,146,771	25,270,629	1,123,858
Current Operating Expense	113,291,482	137,043,308	23,751,826
Capital Outlay	106,830,189	118,153,012	11,322,823
Depreciation	3,953,400	5,054,930	1,101,530
Debt Service	3,134,765	2,061,000	(1,073,765)
Interfund Transfer	(12,969,426)	(14,259,270)	(1,289,844)
<b>Expense Total</b>	<b>292,186,140</b>	<b>329,648,021</b>	<b>37,461,881</b>

# Total Proposed Budget Overview-General Fund

Division	2021/22 to 2022/23						
	2021/22 Budget		2022/23 (Proposed) Budget		\$ Change	% Change	FTE Count
	Expenditure	Revenue	Expenditure	Resources*	Expenditure	Expenditure	
Mayor and Council	775,139	-	507,941	-	(267,198)	-34%	11
Legal	423,563	208,000	482,994	210,600	59,431	14%	6
Municipal Services	4,792,976	298,200	6,607,788	1,777,600	1,814,812	38%	71
Non Departmental	-	44,901,323	-	46,151,137			
Community Development	3,768,298	3,157,825	4,207,205	3,703,500	438,907	12%	20
Human Resources	420,102	-	381,073	-	(39,029)	-9%	5
Police	19,575,470	1,289,529	22,635,509	3,949,420	3,060,039	16%	148
Fire	12,437,645	1,870,572	13,372,594	1,911,814	934,949	8%	81
Parks	9,960,646	1,645,603	11,163,580	2,304,715	1,202,934	12%	64
Public Works	1,458,714	217,000	3,496,166	2,259,500	2,037,452	140%	22
<b>General Fund</b>	<b>\$ 53,612,553</b>	<b>\$ 53,588,052</b>	<b>\$ 62,854,850</b>	<b>\$ 62,268,286</b>	<b>\$ 9,242,297</b>	<b>17%</b>	<b>428</b>

\* Budget Year 2023 Revenue title was changed to Resources to encompass the use of MERF cash in the respective departments.



# Total Proposed Budget Overview by Functional Category Revenue

Functional Category	FY 2021-2022	FY 2022-2023	Difference
Taxes & Franchises	32,239,503	32,039,503	(200,000)
Licenses and Permits	1,510,055	1,562,026	51,971
Intergovernmental Revenue	16,586,658	23,881,176	7,294,518
Charges for Services	2,046,753	2,312,000	265,247
Fines & Forfeitures	258,000	255,600	(2,400)
Investment Income	130,000	130,000	-
Rentals & Leases	111,000	101,000	(10,000)
Contributions & Donations	360,550	110,085	(250,465)
Sale of Property	100,000	140,000	40,000
Miscellaneous	700,533	385,766	(314,767)
Non Revenue MERF/Transfers	(455,000)	1,351,130	1,806,130
<b>Total Resources</b>	<b>53,588,052</b>	<b>62,268,286</b>	<b>8,680,234</b>



# Total Proposed Budget Overview by Functional Category Expense

<u>Functional Category</u>	<u>FY 2021-2022</u>	<u>FY 2022-2023</u>	<u>Difference</u>
Salaries and Wages	30,546,027	32,159,773	1,613,746
Benefits	14,468,799	14,653,250	184,451
Current Operating Expense	16,464,174	23,621,369	7,157,195
Capital Outlay	1,363,679	1,073,298	(290,381)
Depreciation	1,339,300	3,156,430	1,817,130
Debt Service	2,000,000	2,000,000	-
Interfund Transfer	(12,569,426)	(13,809,270)	(1,239,844)
<b>Expense Total</b>	<b>53,612,553</b>	<b>62,854,850</b>	<b>9,242,297</b>

# Property Tax Calculation Overview

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## Calculation of Taxes

Last year's amount	40,673,424
Estimated New Annexation	25,000
Estimated New Construction	775,000
3% Statutory Increase	1,234,420
Foregone to use	-
Estimated property taxes	<u>42,707,844</u>
Forgone current balance	5,387,930

## Forgone Calculations

1%	411,473
3%	1,234,420



# Proposed Allocation of Property Taxes Overview

	<b>Current</b>	<b>Property Tax by</b>	
	<b>Allocation</b>	<b>Request</b>	<b>Difference</b>
General Fund	\$ 32,039,503	\$ 32,626,067	\$ 586,564
Personal Prop Repl and Ag Equip	473,898		
Street Fund	4,244,181	4,000,000	-244,181
Recreation Fund	796,204	875,848	79,644
Library Fund	2,401,394	2,667,007	265,613
Mun Cap Imp Fund	790,618	790,618	-
G/F Fire Station Bldg	401,524	401,524	-
	<u>\$ 40,673,424</u>	<u>\$ 41,361,064</u>	<u>\$ 687,640</u>
		Unallocated taxes	1,346,780
		<u>Total Requested</u>	<u>\$ 42,707,844</u>



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# Employee Compensation: Inflation Adjustment/COLA



# Compensation Factors

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- 12-month inflation rate exceeding 8%
- Retention concerns for lower and mid-range grades
- Recruiting challenges

# Compensation Solutions

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- Currently, the non-union 4% increase incorporated into budget as presented
  - Minimum 4%- \$1,520,052 (83% covered by taxes and fees)
- Alternative Compensation Approaches
  - % based step and grade adjustment (current)
  - Fixed \$ rate increases
  - Blended fixed and % based adjustments



## Blended Approach

	0.00%	1.00%	2.00%	3.00%	4.00%	5.00%
\$ -	\$ -	\$ 379,465	\$ 758,930	\$ 1,138,395	\$ 1,517,860	\$ 1,897,325
\$ 0.50	\$ 702,915	\$ 1,082,380	\$ 1,461,845	\$ 1,841,310	\$ 2,220,775	\$ 2,600,240
\$ 1.00	\$ 1,405,830	\$ 1,785,295	\$ 2,164,760	\$ 2,544,225	\$ 2,923,690	\$ 3,303,155
\$ 1.50	\$ 2,108,746	\$ 2,488,211	\$ 2,867,676	\$ 3,247,141	\$ 3,626,606	\$ 4,006,071
\$ 2.00	\$ 2,811,661	\$ 3,191,126	\$ 3,570,591	\$ 3,950,056	\$ 4,329,521	\$ 4,708,986

# Analysis of Blended Approach

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- **Advantages**
  - Helps with recruiting and retention challenges in the bottom half of the range
  - Is progressive, providing the greatest percentage increase to the lower employee in the scale
  - More competitive at lower grades
- **Disadvantages**
  - Some compression between ranges
  - Disenchantment at higher end
  - Salary structure no longer symmetrical



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# Questions and Discussion