
T R A N S M I T T A L

TO: Mayor John Josendale and City Council

THROUGH: Bryan Carter, City Manager

FROM: Dawn Lanning, Interim Finance Director

DATE: June 12, 2023

SUBJECT: Third Quarter FY2023 Financial Report

Attached is the FY2023 Financial Report for the third quarter.

This report includes a detailed review and comparison of the revenues and expenditures through March 31st of this fiscal year.

Third Quarter FY2023 Financial Report

For the Month Ending March 31, 2023

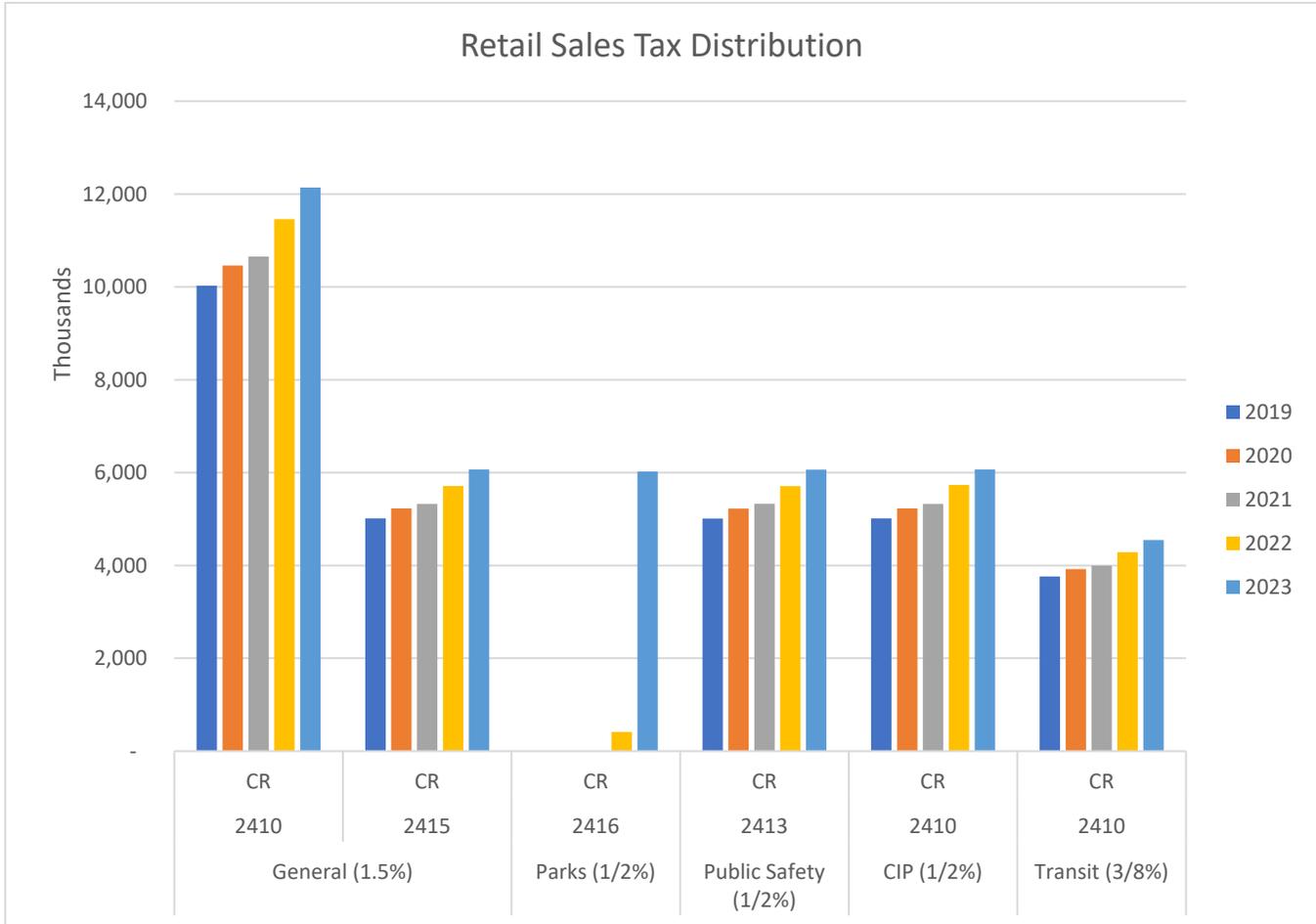
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Being nine months into the year, revenue and other expenditure items should be at approximately seventy-five percent (75%) of the FY2023 budget.

I. Multi-Fund Revenues

A. Sales Tax Revenues

Overall, existing retail sales tax was 21.2% over FY2022, with 14.7% being the new Park Sales Tax (effective January 1, 2022). The net existing sales tax increase is six and one-half (6.5%) percent. The Police Sales tax (effective April 1, 2023) is projected to bring in \$1.4M with yearend accruals. Revenue to adjusted tax projections is at 79.4%.

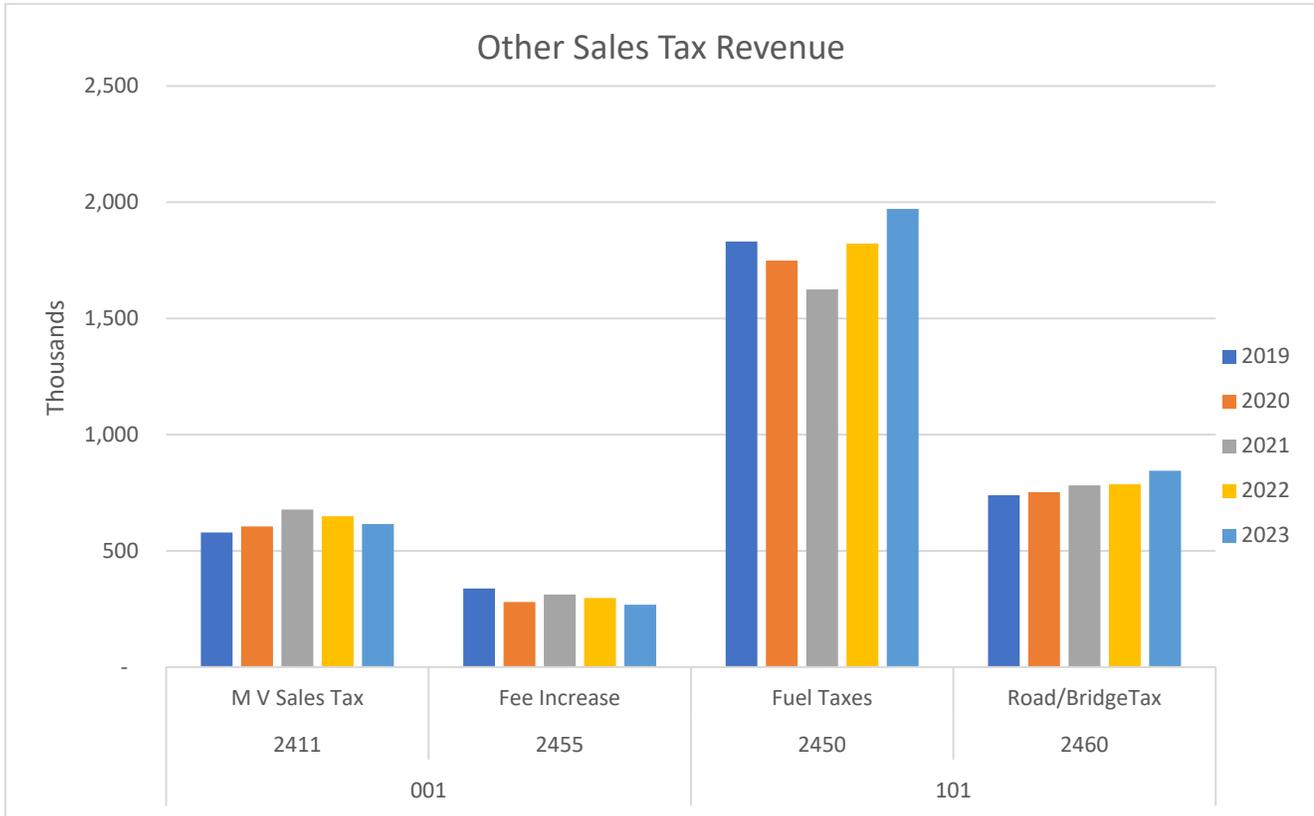


Cigarette tax revenue was right on track at 81.8% of the adjusted budget. Current revenue is \$9,100 less than FY2022 year to date. **Motor vehicle sales tax** revenues are above projected revenue by \$563,000, trending at 4.1% over FY2022.

Hotel/Motel taxes were 7.8% above trend with an increase of \$78,875, standing at 75% of projected revenues.

Fuel prices have been steadily rising in the last 30 days, but less than this time last year averaging \$3.35 per gallon. **Motor vehicle fuel taxes** were slightly above projected budget at 87% in the **Streets Maintenance Fund**. Annual Road & Bridge taxes came in above budget at \$844,879.

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B. Property Tax Revenues

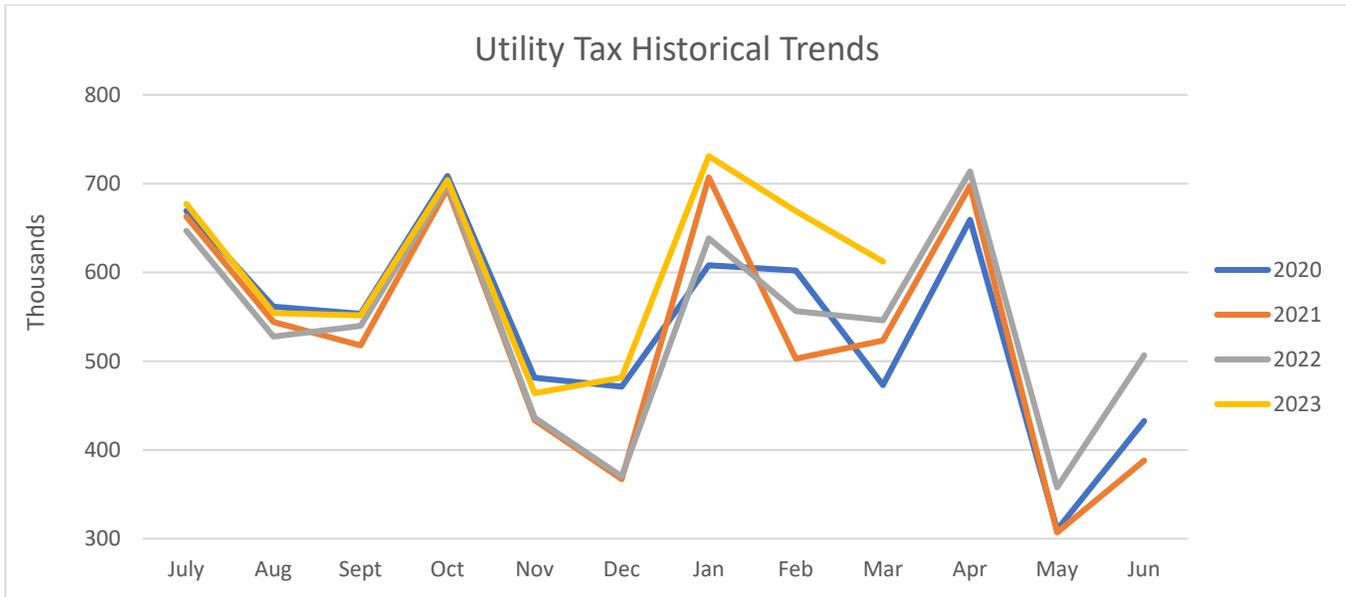
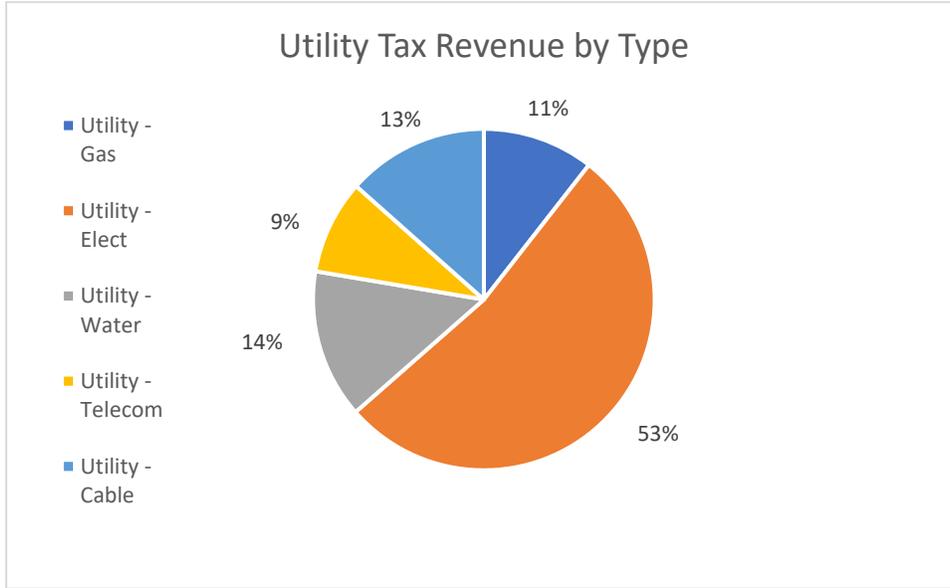
The bulk of current year property tax revenues are received in January and February annually. Property taxes include Real and Personal Property, State and Locally Assessed Railroad & Utility taxes, Motor vehicle flat fees, Financial Institution Taxes, M & M Surtax, Penalty & Interest.



Collections are anticipated at 99% for real estate and 95-96% for personal property taxes. As seen from the graph above, total property taxes fluctuate between ½% and 1% annually.

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C. Utility Taxes are above trend at 84.9% of projected FY2023 budget. Typically, the largest percentage of revenue is received in the third quarter for gas and electric services due to the extreme cold winters. Cable revenue continues to fall with the increased competition from streaming services.

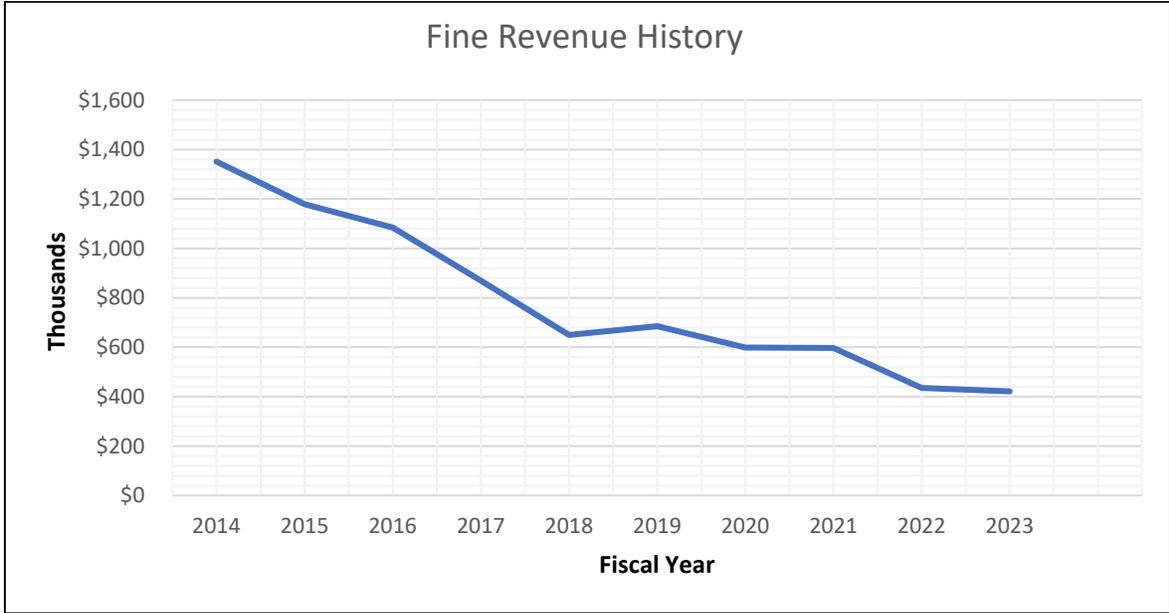


II. General Fund Revenues

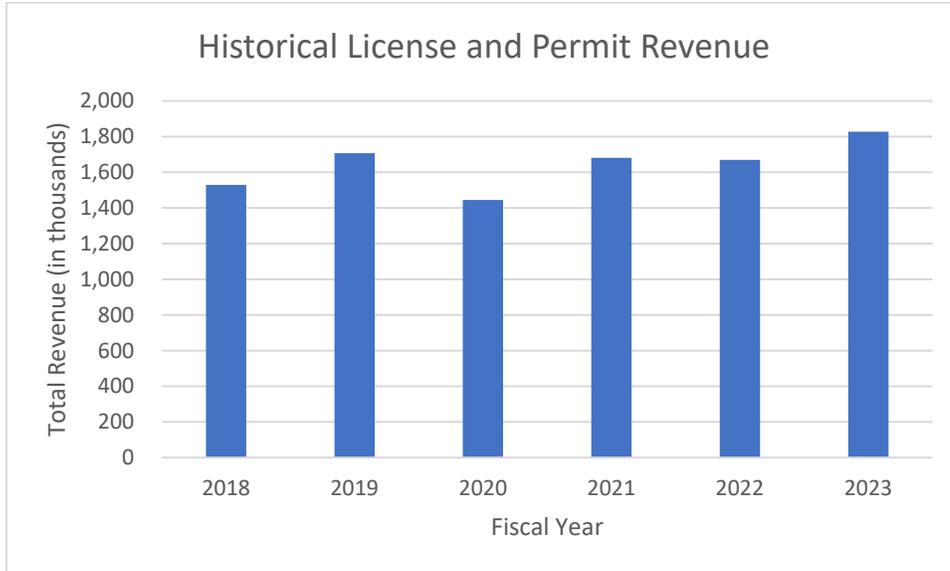
A. Other Major Revenue Sources

Municipal Court fine revenues have finally started to level off. The spiral downward began in FY2014 when events in the St. Louis area prompted legislation to prohibit excess revenues for warrant processing fees, warrant service fees, etc. **DWI enforcement** revenues in the Patrol Operations program have remained consistent, which revenue from State DWI cases have plummeted as more cases are filed at the local level.

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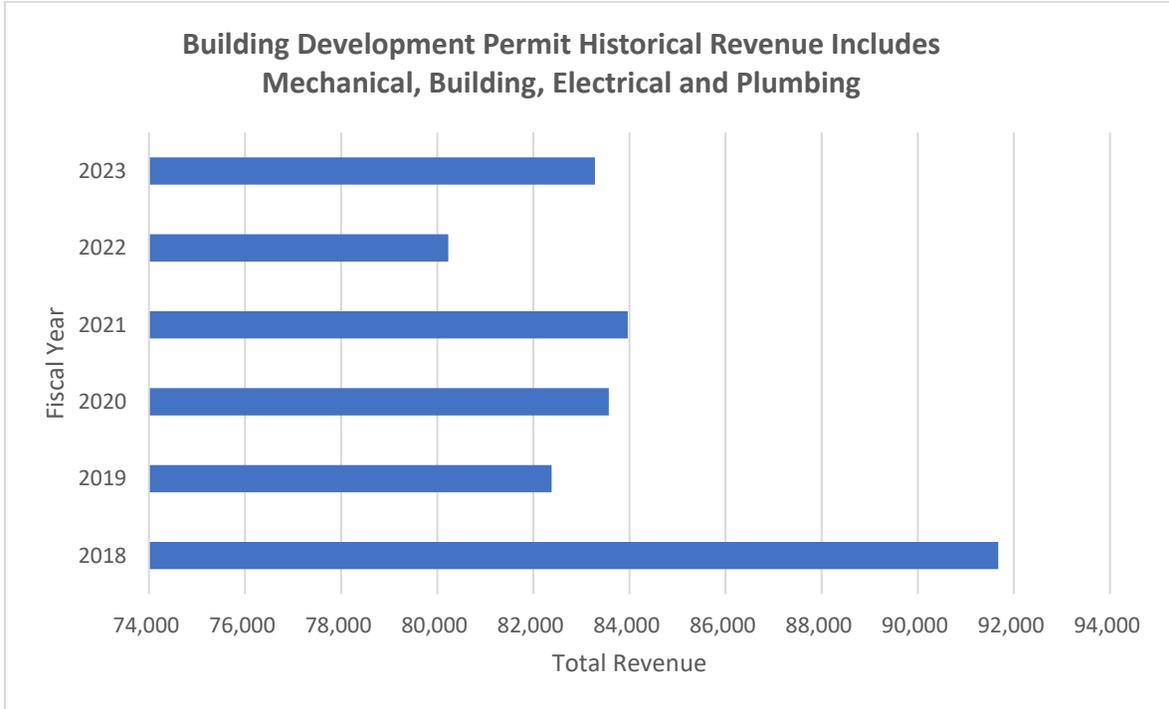


Licenses and Permits consist of annual business licenses, health, liquor, and alarm permits. These permits are mailed in May and due by June 30th. They account for approximately 75% of the total license and permit revenue for the year - \$1.24M. The remaining permits are received throughout the year for utility cuts, building permits, trash hauling permits and garage permits.



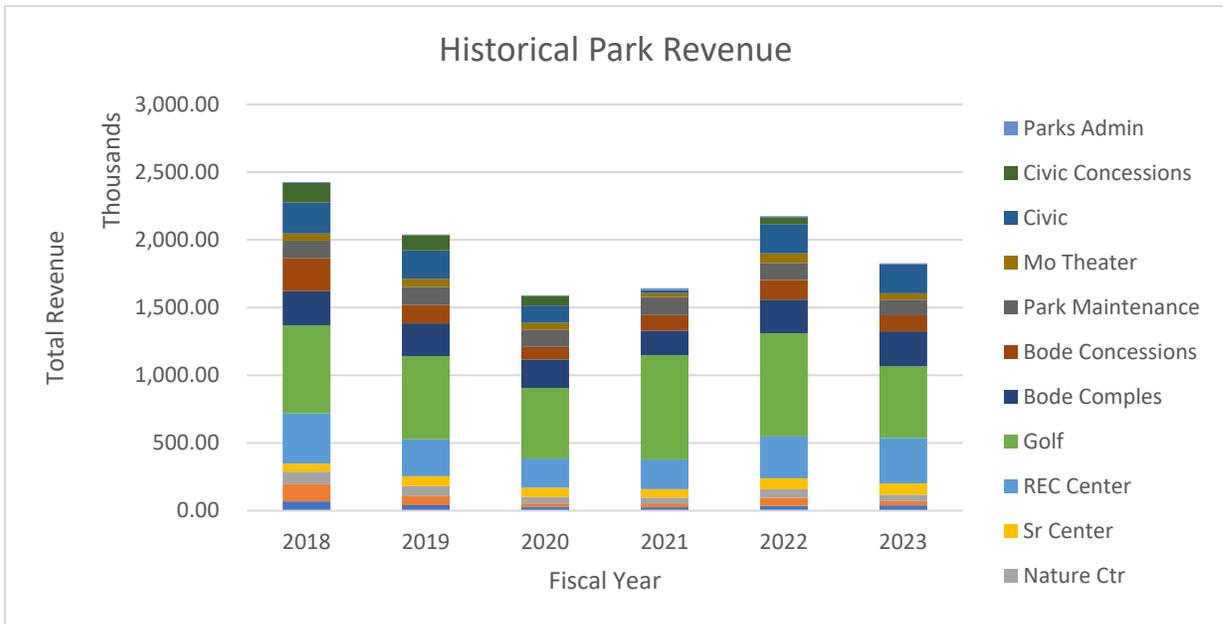
Overall, **Building Development permit** revenues have been inconsistent since the downturn in FY2019. **Building permits** are projected to increase 3.8% compared to FY2022.

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As in April 2023, **Parks, Recreation & Civic Facilities** charges for services are slightly below trend, with the spring/summer programs ready to kick off. Golf is recorded as agency fund 430 for reporting purposes.

- **Youth sports** are getting back to pre-pandemic levels, projected to reach \$25,000 this fiscal year. Total revenue has exceeded FY2022 by 12.3%.
- **Nature Center** showing consistent revenues this fiscal year, compared to FY2022. The **River Bluff Trails** revenues were added to the Nature Center Program in FY2022.



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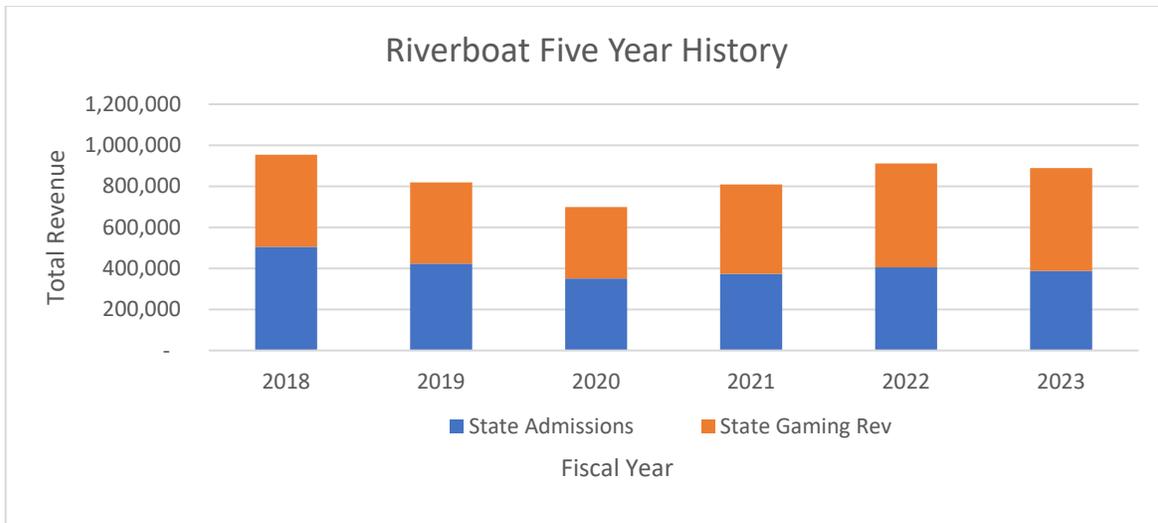
- The **Senior Center** year-to-date revenue is above prior year actual revenues by 1%. Cafeteria, memberships, and various programs continue to attract residents. Memberships are showing a strong return, with the help of Silver Sneakers and AAF insurance reimbursements per visit.
- **REC Center** revenues appear to be back to pre-pandemic levels. Volleyball and basketball programs are approaching the FY2018 levels. Memberships have actually exceeded pandemic levels with the help of Silver Sneakers and AAF.
- The **Bode Recreation Complex** is just 4.5% below prior year revenue with two months remaining in the fiscal year. The ice arena shut down early in FY2022 due to improvements provided by the Parks Sales. The pickleball and basketball courts are receiving improvements this spring/summer.
- **Civic Arena revenues** have also exceeded FY2022 revenue. The Elite 8 women’s basketball tournament added to the attractions this fiscal year, along with the Shriner’s Circus, Harlem Globetrotters and Rodeo. They also received full benefit from the ARPA and Parks sales tax with improvements to the scoreboard, basketball goals/anchors, floors, tables, seating, lockers and lighting.
- The **Missouri Theater** office and theater rentals continue the downturn that began during COVID. Year-to-date revenues are 34% short of last fiscal year totals.

Public Health revenues overall were at 88% (excluding anticipated property taxes and transfers from the Public Safety Tax). **Animal Control** revenues were on pace with April/May clinics ahead. Court fines and costs are at 78% of FY2022 actual. **Birth & Death certificates** also slightly below budget at 78%. Hopefully the revenues will rebound as spring/summer travel season begins.

B. Special Revenue

In the **Parks Maintenance Fund** revenues include motor vehicle fees assessed on personal property taxes, Horace Mann Rent and other smaller miscellaneous revenues. The current lease (Special Ordinance 9598, passed 6/17/2019) will expire on June 30, 2023 and contained a rollback of the lease amount to \$2,620.25.

Riverboat Gaming Revenue has historically been used for extra costs – Chamber of Commerce/economic development, festival contributions, legal professional services, historic preservation, etc. Total revenue increased after COVID, but relatively flat over the last two fiscal years.



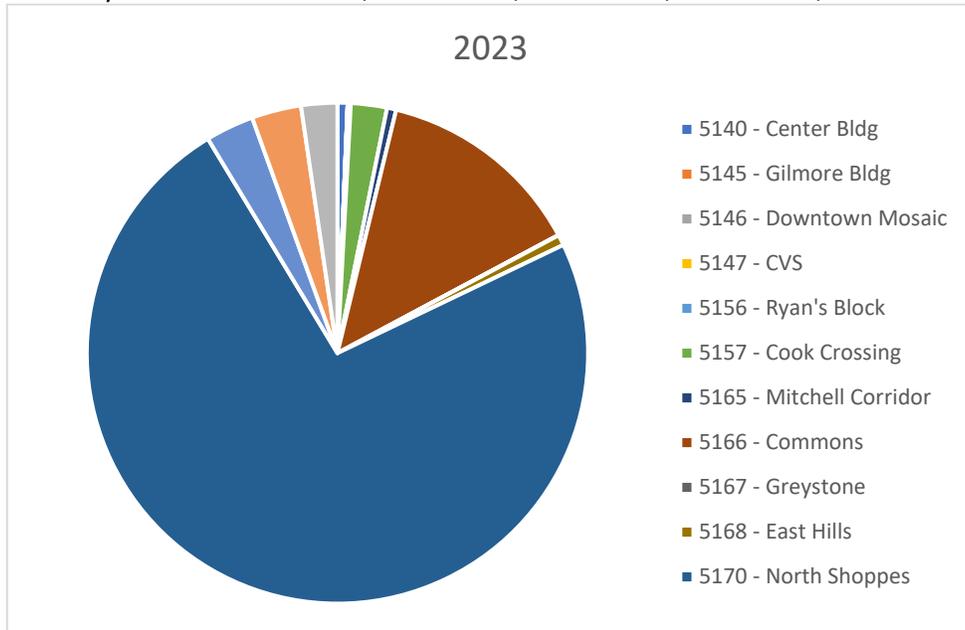
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In the **Special Allocations** fund, a majority of the Payment in Lieu of Tax (PILOT) from project real estate tax revenue is received during the first quarter of the calendar year, as they are due December 31st annually. PILOTS include the portion from the County, the School District and the City.

Economic Activity Taxes (EATS) are sales tax revenues and vary by TIF/STRA development and cash flow of payments made to the State of MO by each individual vendor within the TIF project area:

- North County Shoppes, Triumph Foods TIF project areas will close in FY2023 as the bonds are being paid off earlier than anticipated. Funds return to City, County and School District in FY2024.
- Commons, CVS and Cook Crossing STRA project areas closed in FY2022. Funds return to City going forward.

Project /Fiscal Year	2023	2022	2021	2020	2019
5140 - Center Bldg	30,724	43,475	32,282	41,023	44,923
5145 - Gilmore Bldg	9,314	9,431	9,245	8,863	8,041
5146 - Downtown Mosaic	603,128	605,850	598,733	575,372	508,081
5147 - CVS STRA	0	2,594	12,394	1	6,373
5155 - Uptown	3,211	3,225	3,342	3,227	1,466
5156 - Ryan's Block	15,756	4,328	6,262	9,201	5,372
5157 - Cook Crossing STRA	0	(22,015)	75,098	87,770	135,852
5165 - Mitchel Corridor	507,272	498,868	494,216	486,337	448,024
5166 - Commons STRA	0	137,739	792,483	756,793	656,598
5167 - Greystone	681,461	630,640	573,637	505,936	406,693
5168 - East Hills	58,568	73,984	637,356	622,973	564,923
5170 - Shoppes	4,398,931	5,569,337	5,380,916	4,821,714	24,113,609
5173 - American Electric	4,544	3,934	519	0	20,000
5175 - EBR/HHS	254,574	299,831	288,078	343,774	406,966
5180 - Triumph	867,209	2,421,845	2,382,247	2,372,128	2,216,816
5185 - Fountain Creek STRA	6,112	2,770	2,770	2,050	4,071
5195 - Tuscany	381,892	411,375	370,084	365,620	312,245

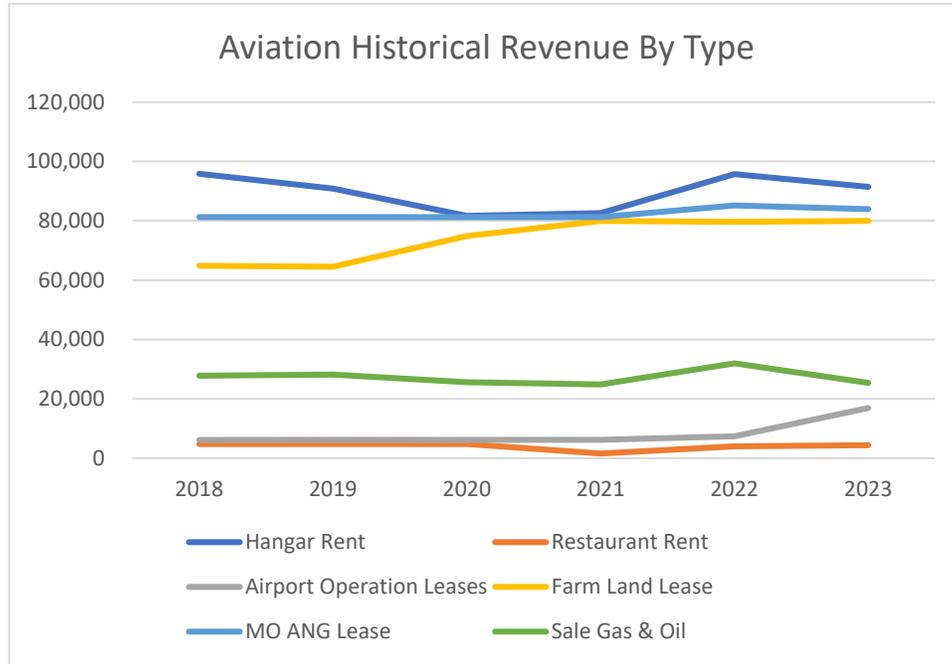


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III. Enterprise Fund Revenue

Aviation revenues include hangar leases, restaurant leases, land leases from Mo Air Guard, BMS Management, and farmland leases. Hangar rent is up slightly due to temporary leases signed to closing of smaller local airport for improvements. The number permanent tenants remains the same, approximately 90% occupied.

Airport Operation Leases have increased in the last two years due to the multi-year contract Herzog contract. LifeNet has vacated their space and may slightly affect future revenues. The sale of gas and oil is 3% lower than fiscal year 2022. The airport café lease revenues are on track.

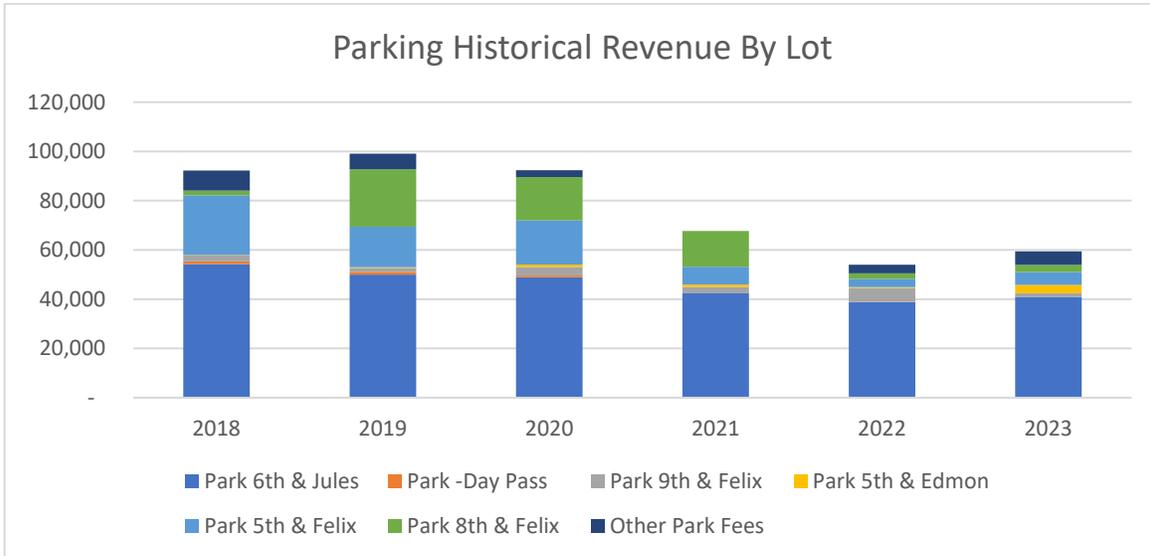


Description	2018	2019	2020	2021	2022	2023
Hangar Rent	95,846	90,848	81,667	82,578	95,755	91,454
Restaurant Rent	4,800	4,800	4,800	1,600	4,000	4,400
Airport Operation Leases	6,194	6,195	6,193	6,212	7,409	16,929
Farm Land Lease	64,841	64,536	74,884	79,964	79,640	79,964
MO ANG Lease	81,256	81,251	81,241	81,248	85,181	83,913
BMS Land Lease*	12,667	6,333	6,310	6,310	6,310	0

*Note - BMS Land Lease was combined with Operational land leases in FY2023.

The **Public Parking** program has had staffing issues and software conversion over the past four years. The revenues have begun to climb slowly again. The number of parking citations issued has also increased due to the increased traffic flow to businesses downtown. Parking citations written in FY2023 to April 2023 total 2,989, compared to 2,661 for fiscal year 2022. Parking fines have not been increased since 2003.

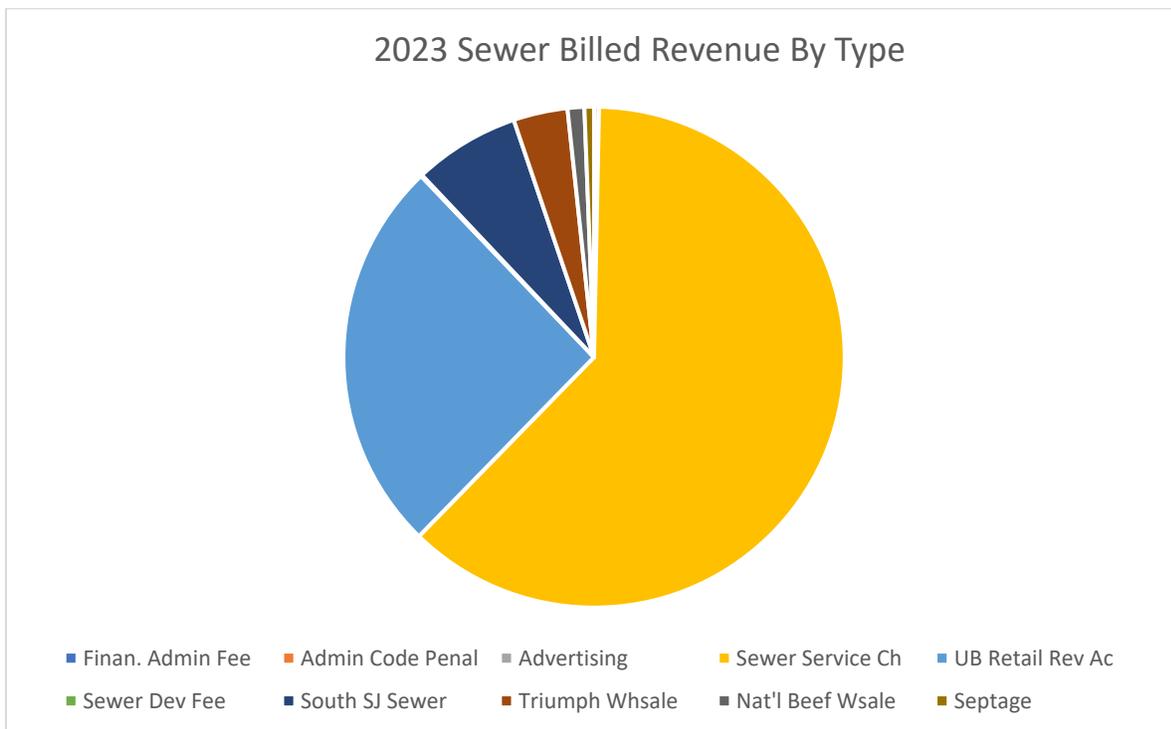
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The correlation between the number of citations issued and fine revenue generated is shown below.

Statistics	2023	2022	2021	2020	2019	2018
Citations Issued	2,989	2,661	3,310	4,288	6,278	4,587
Total Fine Revenue	\$ 46,730	\$ 32,358	\$ 52,396	\$ 69,586	\$ 86,903	\$ 73,747

The **Water Protection fund** has been running flat since the last rate increase on July 1, 2017 (FY2018). Staff undertook a dissection of revenues by type in FY2019 to better understand where the actual revenues come from. The result divided revenues by those from Utility Billing staff (*) with those billed by Finance/Water

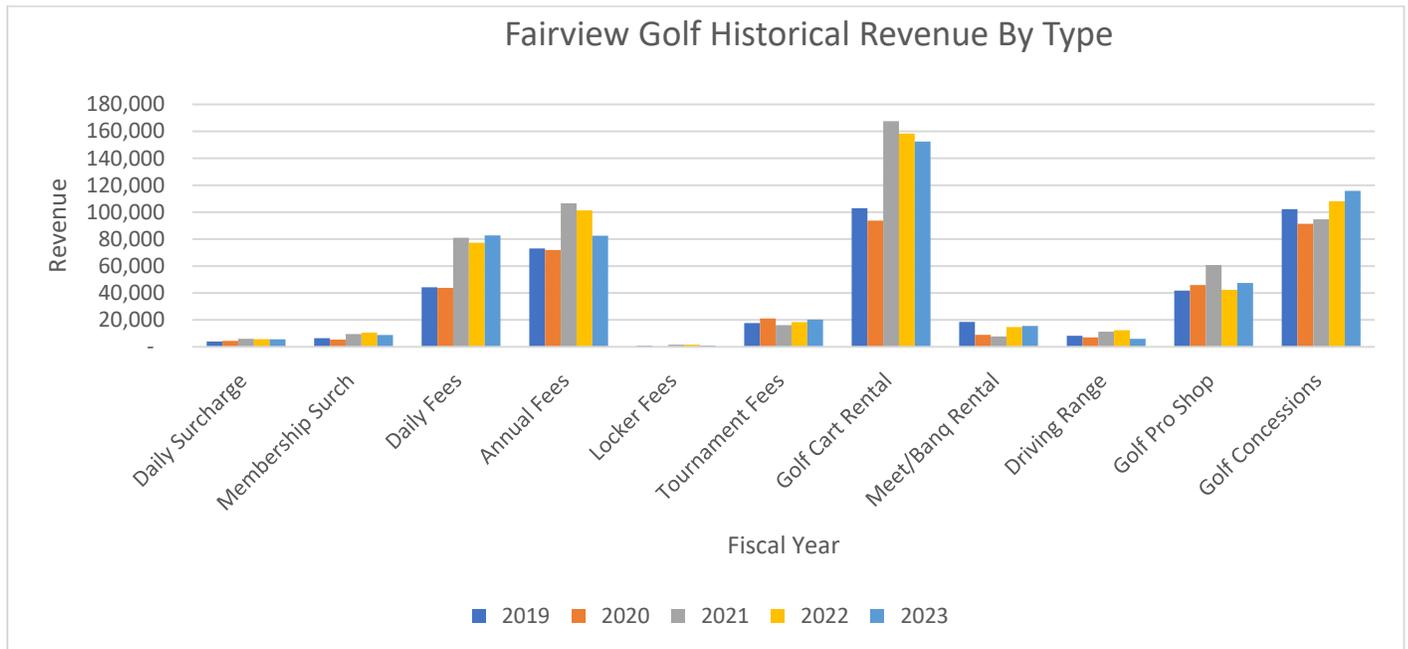


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Protection staff. Building Development staff assess the sewer development fee as plumbing permits are issued. Total revenues range from \$30.8m in FY2019 to \$31.7m in FY2018. FY2023 revenues are currently 2% below fiscal year 2022 actual, mainly due to efficiencies or reductions within the wholesale customer class.

Description	Fiscal Year				
	2019	2020	2021	2022	2023
Admin Fees (CCV)	9,830	11,711	11,742	9,357	7,780
Admin Code Penal	(137,700)	10,950	62,700	195,718	63,500
Advertising	500	500	500	500	500
Sewer User Charges *	24,380,135	16,895,006	16,908,458	17,135,011	13,950,894
UB Retail Revenue *	-	6,792,502	6,942,991	6,761,013	5,751,111
Sewer Dev Fee **	26,000	40,500	28,500	30,000	19,500
South SJ Sewer	1,980,971	1,714,381	1,784,985	1,961,264	1,541,763
Triumph Whsale	1,038,259	934,750	943,446	1,182,843	786,793
Nat'l Beef Wsale	401,040	383,876	377,695	330,979	242,849
Septage	161,131	175,549	183,349	173,840	138,562

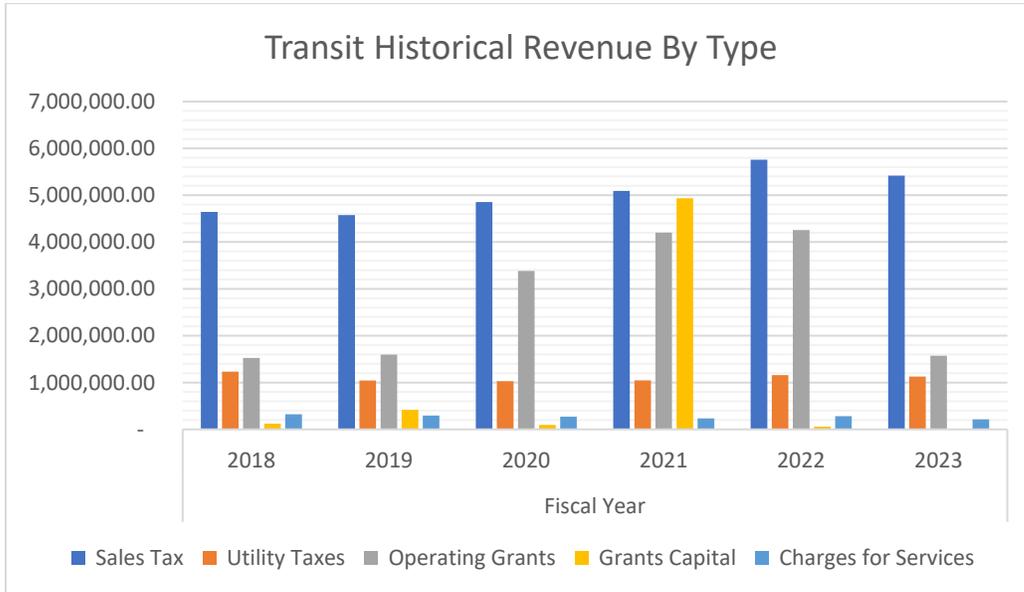
The **Municipal Golf** fund revenues were slightly below last year as reflected in the following graph. Daily fees, surcharges, meeting/banquet room rent, pro shop, concessions remain strong. The noticeable downturn is reflected in annual fees, locker fees, and driving range revenue. Each of those are between 50% and 80% when compared to fiscal year 2022.



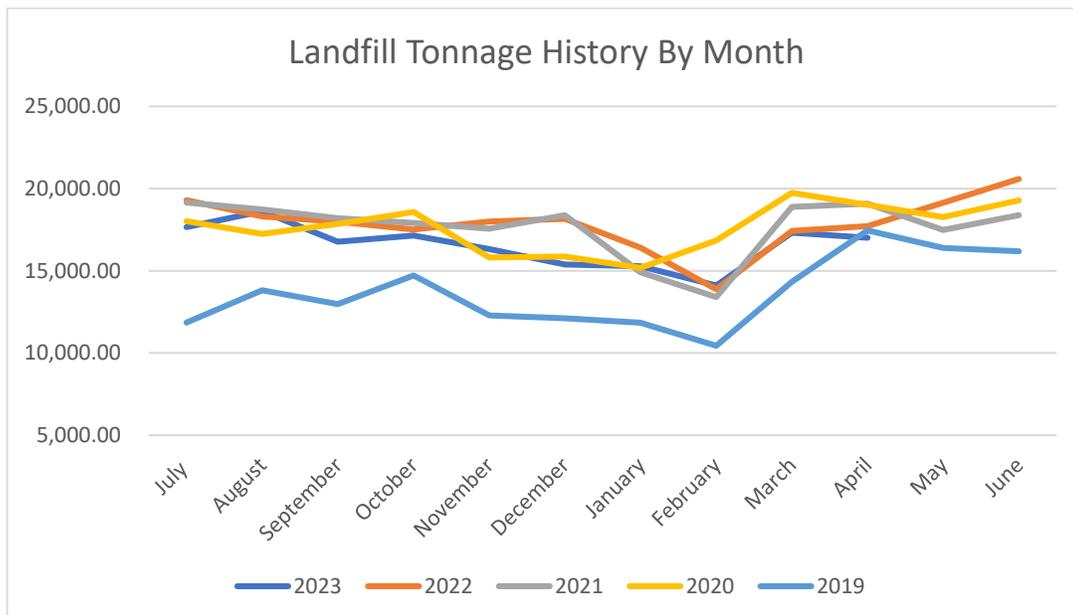
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The **Transit** fund revenues include sales tax, utility taxes, grants (operating and planning), charges for services, investments, and miscellaneous revenue.

The **Transit** fund ridership revenues have remained flat. Year-to-date daily fare box revenues sat just under prior year to date at 66%. The adult and senior/handicap ticket sales were both below prior year at 45%. Senior tickets/Handicap are above prior year at 115%. Advertising revenue via Houck Advertising has remained strong, sitting at 177% above prior year revenue. The token transit program, with rider discounts has remained strong at 98%.



The **Landfill** fund daily revenues are slightly below budget at 82.2% as of April 2023. Daily fees are below FY2022 actual revenues by 5.25%. Gas to Energy sales reached \$140,424 or 92% of the FY2023 budget. Total revenues stand at 82.4% of FY2022 revenue, a decrease for the year to date by \$4,286. Monthly tonnage ranges between 13,000 and 21,000 tons.

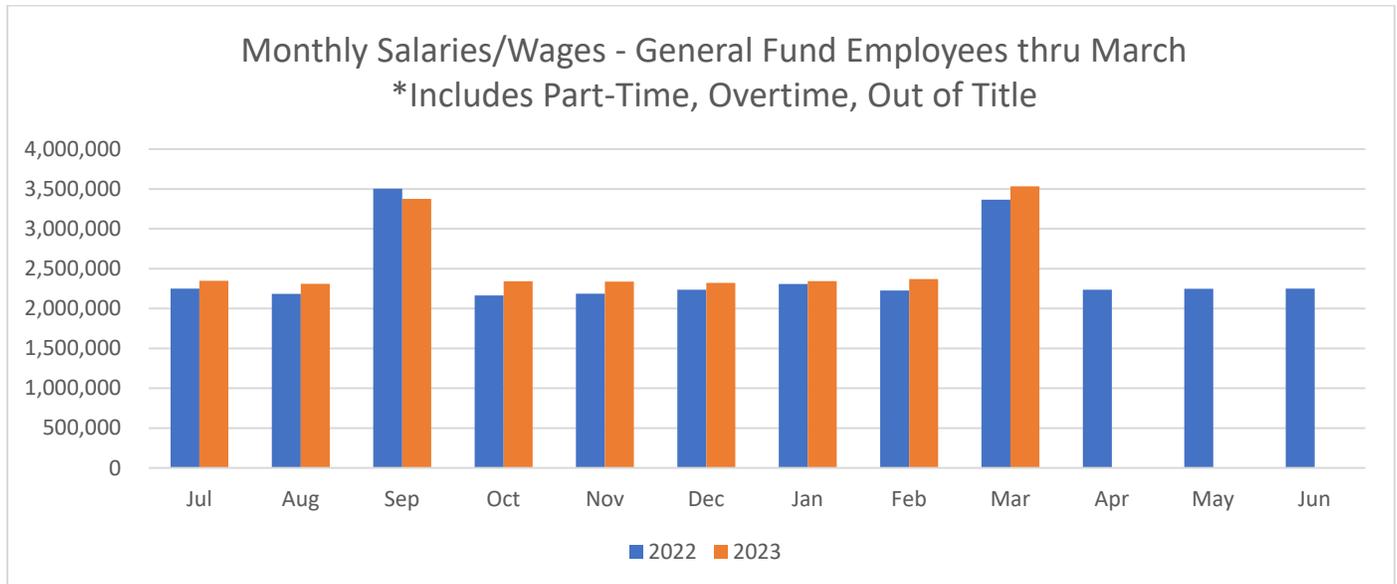


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IV. General Fund Expenditures

By the end of the third quarter, budgets should be approximately seventy-five percent (75%) of operating expenditures. Salaries and wages should be approximately seventy-seven percent (77%) after twenty (20) pay periods in the FY2023 budget year.

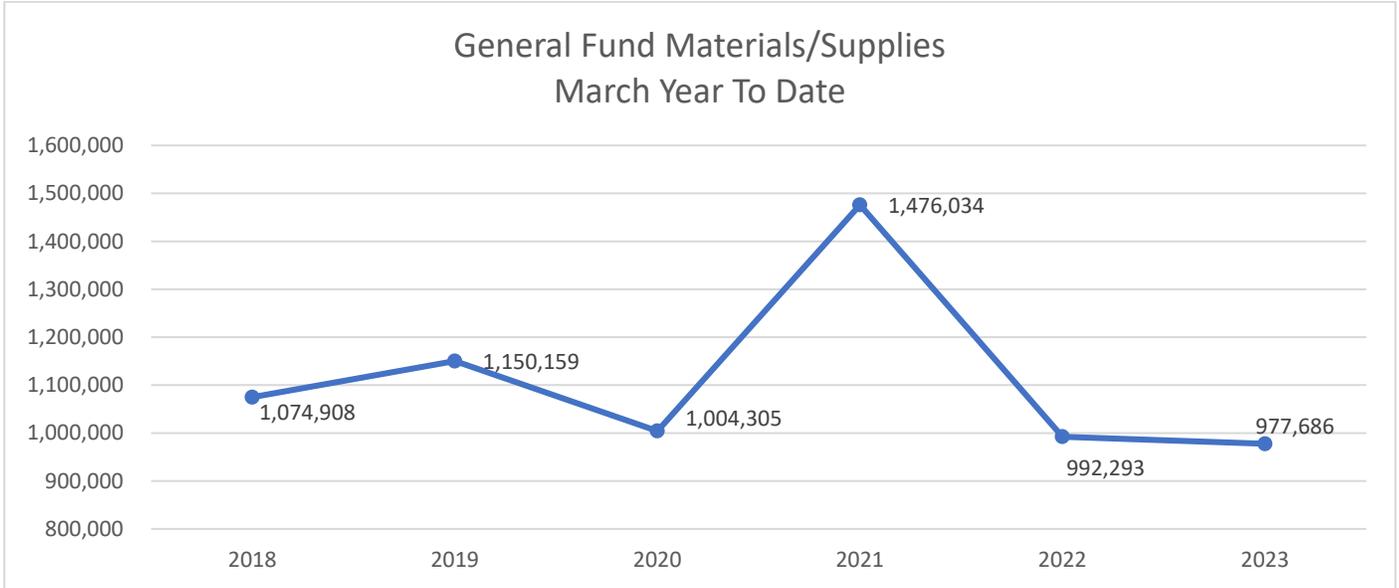
Total **Salaries & Wages** for the General Fund were at 70.9% after three quarters. This was an increase of \$856,233 (3.8%) when compared to the same timeframe of the previous fiscal year. In September of this fiscal year, Council passed an ordinance to implement pay increases and raise the starting pay of officers in order to help recruit and reduce vacancies within the Police Department. The new rates began October 1st and will be a total impact (including the Public Safety Fund) of \$1,339,921 for the remainder of the fiscal year, and \$1,786,562 annually going forward (depending on the number of vacancies that become filled). In addition, Council passed an ordinance for the Fire Department to increase salaries 1%. A half-cent Police Tax was approved by the voters in November to fund these increases for future years. The new tax will go into effect in the fourth quarter. General employees received a budgeted 2% COLA at the beginning of January.



The fund was well below trend for **Materials & Supplies** at 52.9% but showed a slight decrease of \$14,607 in comparison to one year ago. Only the Parks Department was slightly above budget at 76.3%. Nature Center had utilized most of its materials/supplies for resale to ramp up for the busy season. The JRP 50+ Center was \$5,000 over total FY23 budget in resale supplies as well. The Bode Complex and Concessions also showed overages in the same category. Many of these expenses are seasonal and therefore will level out by the end of the year.

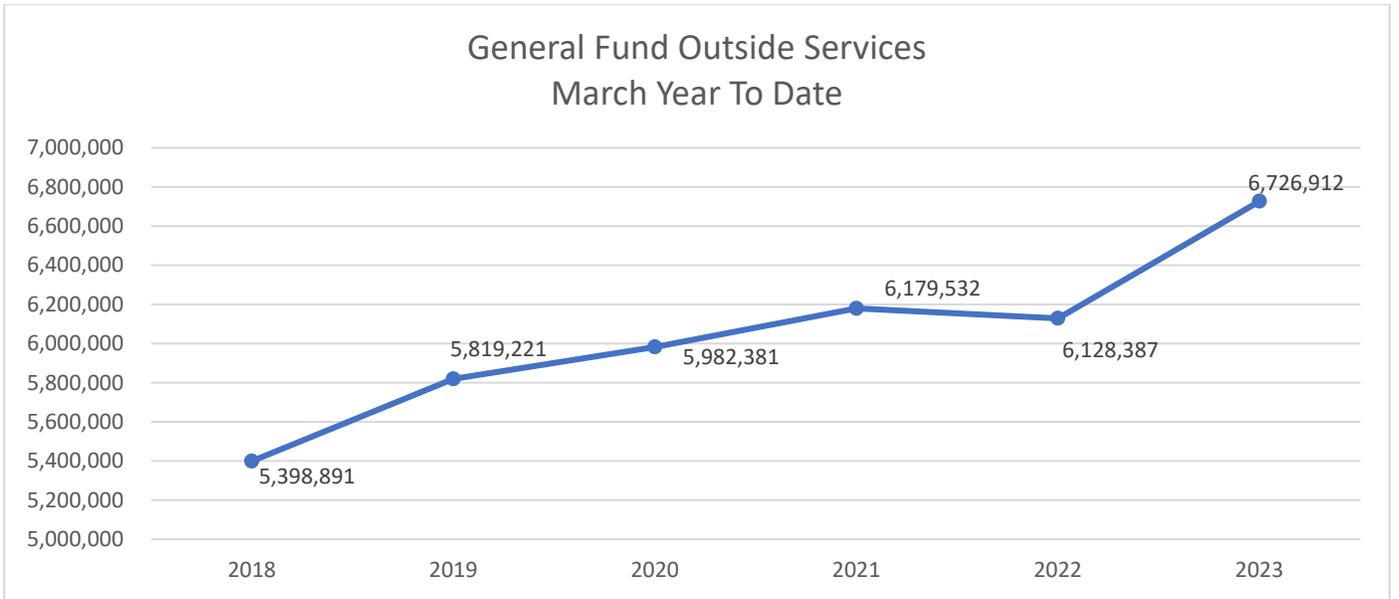
Over the last five years expenditures have been mostly steady and on the decline since FY2021 when a large purchase of fire equipment gear (\$488,000) was made.

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Outside Services were marginally ahead of the pace by 0.6% (\$52,781). Annual contracts are included in this category, which are often front-loaded at the first of the fiscal year which tends to skew the budget for most of the year. Administration & Budget within the Finance Department were nearly \$25,000 over the original budget due to the purchase of Debtbook which is an accounting software that will manage/track the City's debt. Increasing charges from Brinks contributed to the deficit as well. Also within the Finance Department is Computer Network Operations, which includes all the annual software maintenance expenditures were up by \$120,000 when compared to the previous fiscal year. In total the department is at 96.5% of the total budget. In comparison to the prior year, expenditures are up 30%. In addition to the newly acquired debt software, beginning in FY23 Accounting split the Paycor costs with Human Resources which increased department expenses by \$84,000.

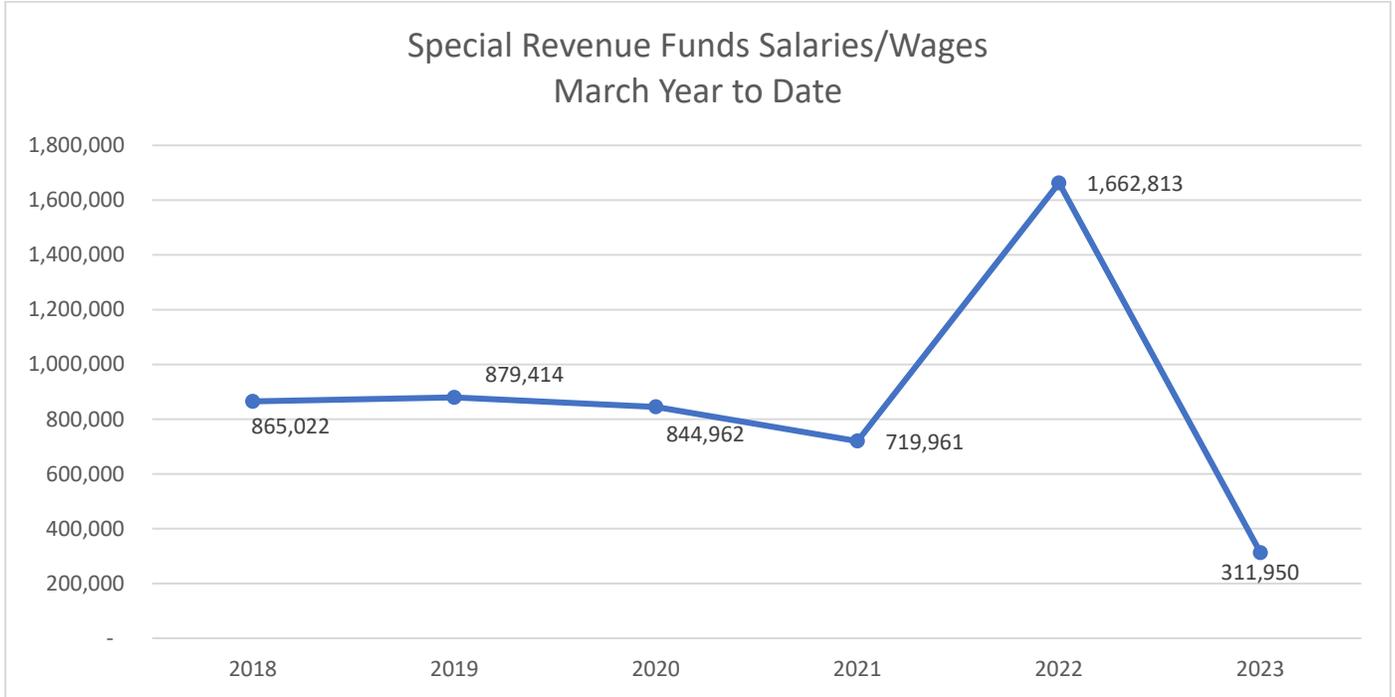
In addition to the increased expenses above, MPO was approved \$225,000 (grant funded) in professional services for the Multi-Modal Corridor feasibility study and \$45,000 was necessary in the candidate search for the vacant Police Chief position. Other increases to the fund included \$65,000 in Building Development for commercial plan review services, \$54,000 in Equipment Support for maintenance and repair of motor vehicles, and \$46,000 in Fire Maintenance for various maintenance and repair costs.



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V. Special Revenue Fund Expenditures

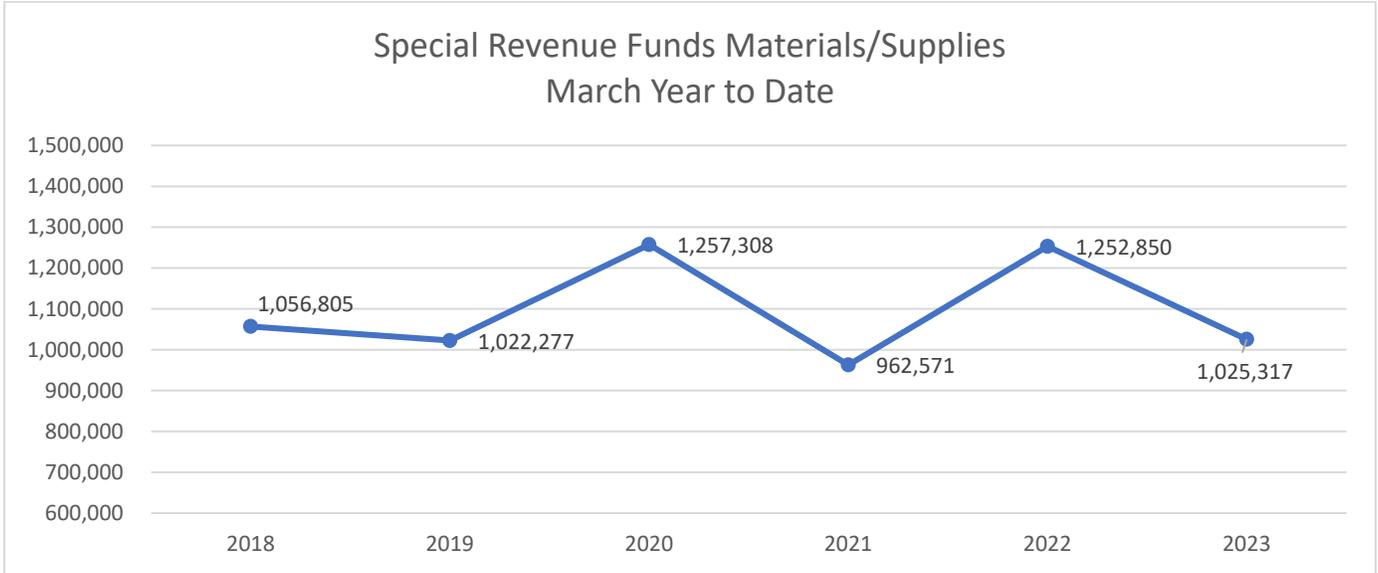
Special Revenue funds include: Street Maintenance, Park Maintenance, Parks Sales Tax, Public Safety, Police Sales Tax, Community Development Block Grant, American Rescue Act Plan, Riverboat and Museum. With vacancies in the Public Safety Fund and positions not backfilled in CDBG, **Salaries & Wages** have been on the decline for the last few years. The large spike in FY2022 was due to the Premium Pay funds distributed from the ARPA Fund. Without the expenses in ARPA, salaries & wages would have experienced a decrease of 30.2% (\$135,011).



Materials & Supplies were down by 18.2% (\$227,533) when compared to one year ago. The biggest factor for the drop is Snow/Ice Removal in the Street Maintenance Fund. The program's supplies expenditures declined by \$297,566 with significantly fewer snow events this winter. The rise in motor fuel prices resulted in Park Maintenance with 24.6% more than the prior year.

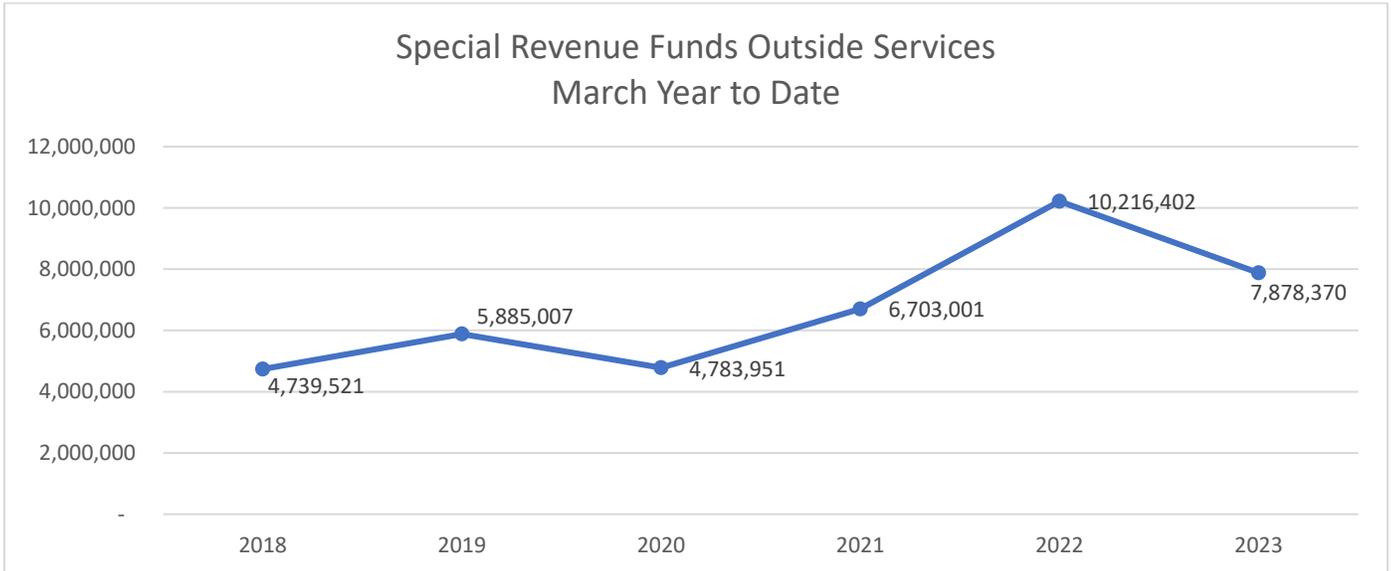
The following table indicates a very up and down history which all hinges on Streets Maintenance and Snow/Ice Removal. On average, the Street Maintenance Fund has made up 78% of the expenditures for supplies in the special revenue funds.

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Outside Services makes up most expenses for the special revenue funds. The influx of street/utility cuts for an internet provider has made a big impact on the Streets Maintenance program with a 49.2% increase. It should be noted that these expenses are offset by the revenue received in relation to this service. The Home Program in CDBG has doubled its expenditures from the previous year with \$659,000 going towards the construction of new homes. Park Maintenance experienced an increase in employment services to the tune of \$60,000.

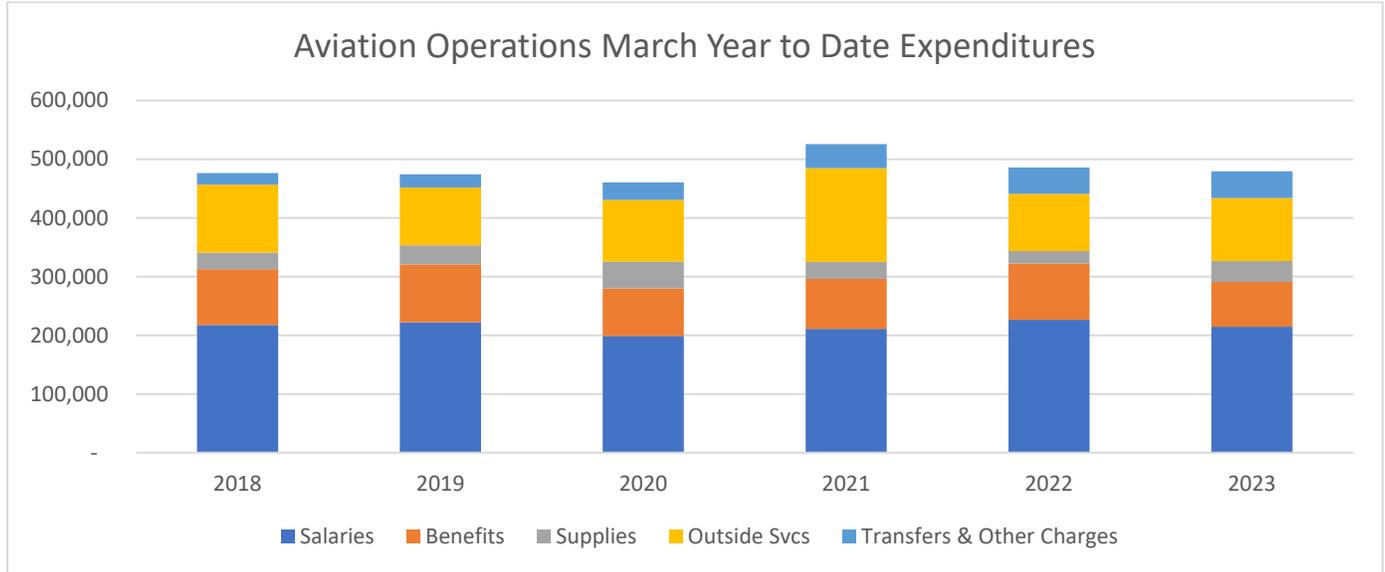
In the chart below, FY2022 is an outlier due to more activity in ARPA with contributions to outside agencies that were determined by the ARPA committee. With ARPA taken out of the equation, outside services for the special revenue funds increased by 32.3% (\$1,546,294) from the previous year.



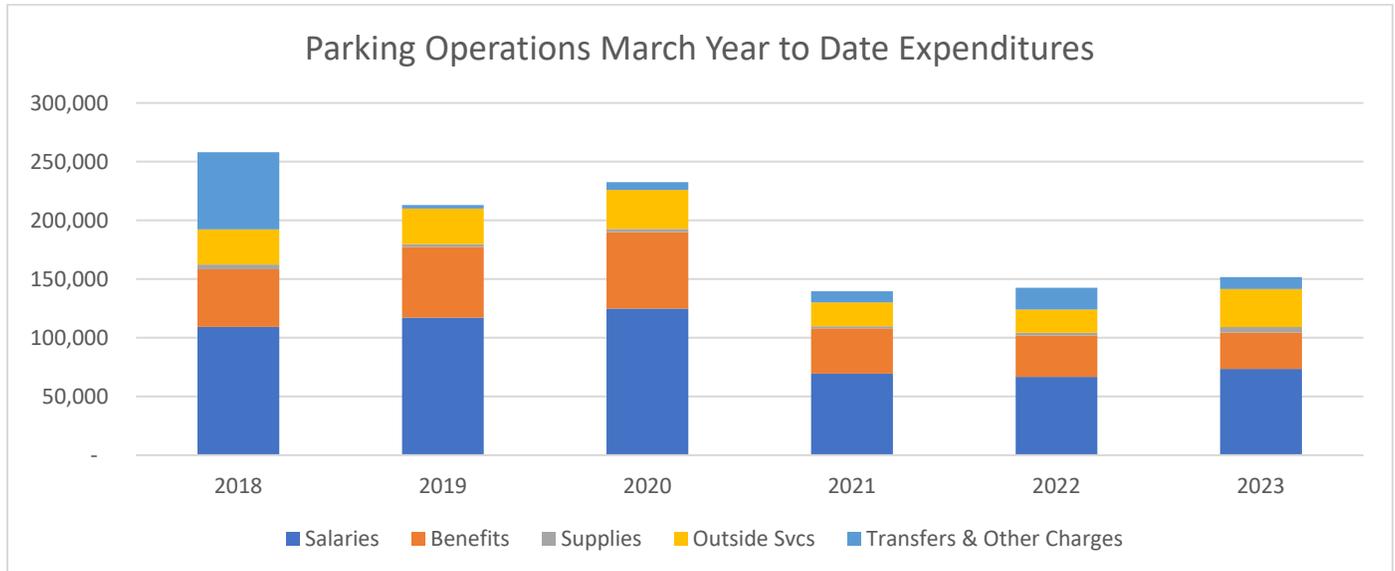
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V. Enterprise Fund Expenditures

The **Aviation Fund** was comfortably under the salaries/wages budget at 70.4% and had dropped by \$12,098 from the year before due to temporary vacant positions. Supplies are up by \$14,182 which can be contributed to motor fuel. At the end of the third quarter the fund stood at 84.7% of the adopted motor fuel budget. Increases to utilities and major repair and replacement equaled an uptick of \$9,800 in outside services. In total Airport Operations was at 69.6% of the total budget.

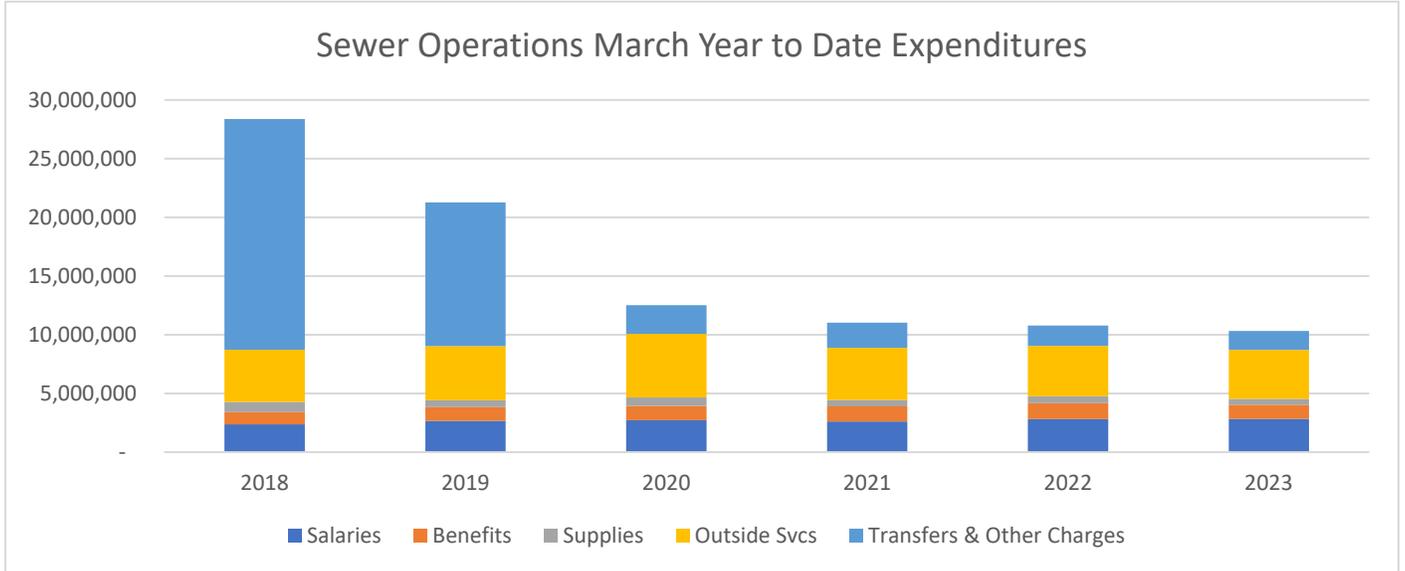


Salaries for the **Parking Fund** displayed an increase of \$6,700 and steady under budget at 70.3%. Charges went up in maintenance costs for facilities and vehicles by a combined total of \$9,800. Expenditures for supplies and materials were minimal. By the end of March, the Parking Fund was only at 32.0% of its budget with the Mosaic Garage maintenance agreement to be paid later in the year.

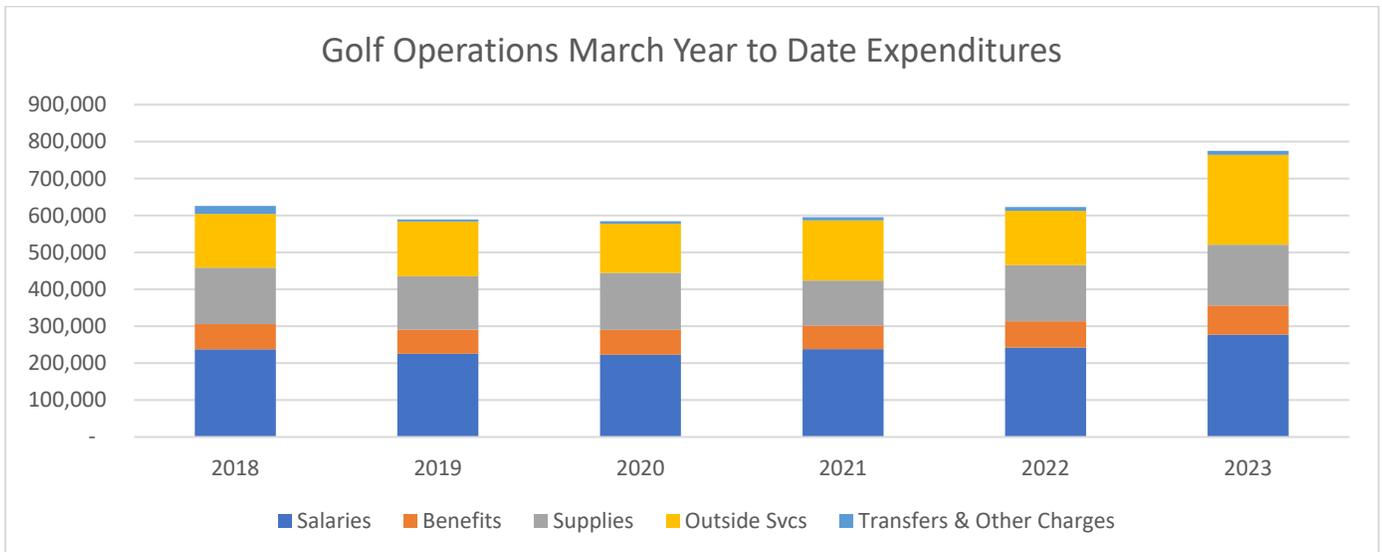


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The **Water Protection Fund** showed little change from the previous year with only a marginal increase of 0.5%. Supplies showed a sizable decrease of \$92,000 (down 15.6% from the prior year). Most of the reduction came from Water Protection Operations. Reductions were also evident in outside services with a drop of \$189,679 in the Operations program as well. A conscious effort has been made to cut costs over the next few years to pay the debt service on the plant energy efficiency project being conducted by Schneider Electric. Overall, the fund has utilized 67.1% of its expense budget.

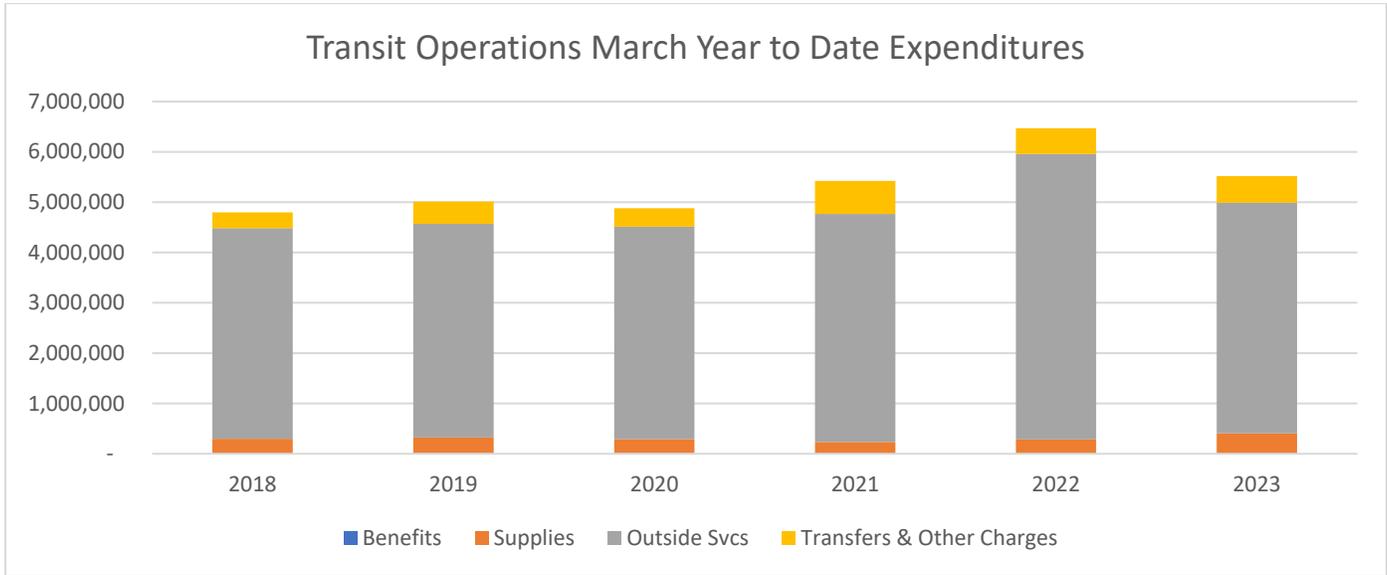


Salaries and wages for the **Golf Fund** were up 14.5% (\$35,100) when compared to the same timeframe in FY22. This could be due to the mild winter for this fiscal year and therefore course was open more often compared to the winter of the prior fiscal year. Close monitoring may be required as the fund is at 84.9% of its salary budget. This is \$25,900 above the mark. More importantly, this is a seasonal program where the volume of activity tends to be heavier in the fourth quarter. Supplies had its overage issues as well with a few of the line items over total budget with still three months remaining in the fiscal year. Most significant of the deficits is other materials & supplies which is \$12,600 above the \$60,000 adopted budget. Altogether, materials and supplies were above the FY23 total budget by 3.4%. Utilities within the program were a major concern as well with water services \$99,000 above the set budget. This was due to a significant water leak that had expenses \$95,800 more than the same time the previous year. In total, the fund was at 97.6% of its expense budget. Without the water leak the fund would have been at 85.5%.

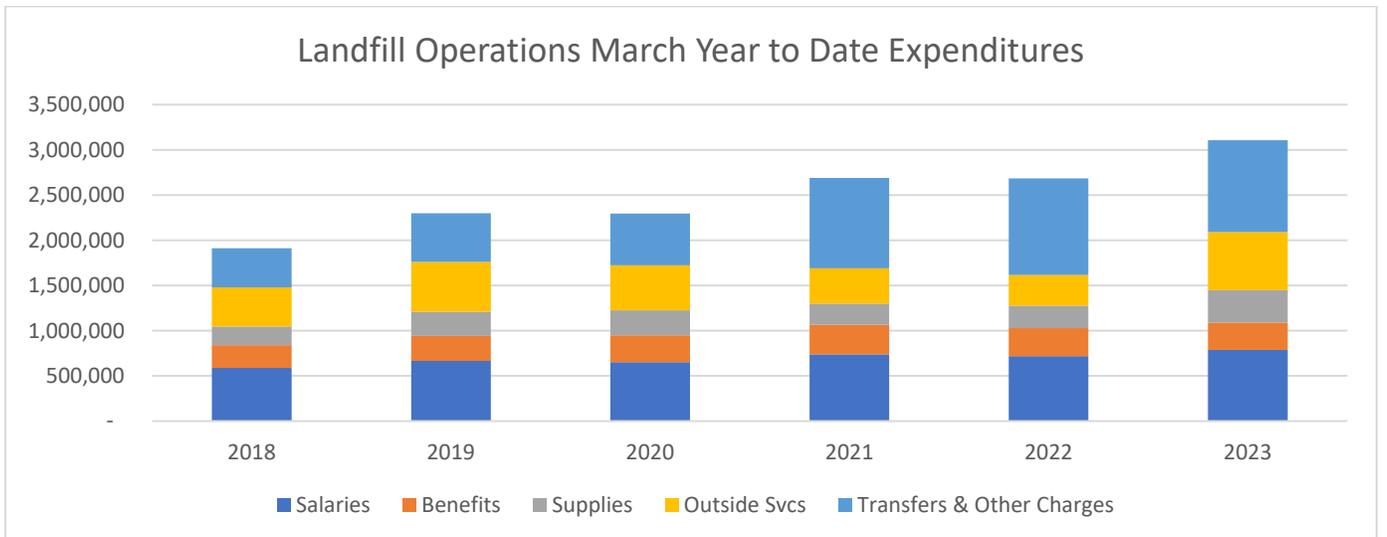


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Even though **Transit Fund** expenses for supplies had jumped by \$119,000 they were still well below budget at 49.3%. This was in direct relation to motor fuel prices (\$125,100 over FY22). Outside services had decreased by \$1,087,000 when compared to the prior year. This was somewhat misleading because in FY22 the health insurance was encumbered twice therefore doubling the expenditure. With the additional encumbrance removed the expenditure would be nearly flat. There areas of deficits consisted of maintenance & repair of machinery & equipment and laundry services. Laundry services has been a thorn in the side of many programs this fiscal year due to the rise in cost of services. The fund, in total had plenty of cushion to cover any deficits with only 68.2% of the budget expended.



With a few of the vacant positions budgeted, actual salaries/wages for the **Landfill Fund** were in line with budget at 77.3%. This was an increase of \$68,000 from the previous year. Motor fuel was once again the culprit as the materials & supplies budget was above the target by 9.9% (\$42,060). It should be noted that during the FY24 budget a process a more unified approach was taken when budgeting motor fuel for the departments. It is the hope that these overages will few and far between for the next fiscal year. Landfill operations experienced a variety of maintenance & repair costs that led to a current deficit of \$108,700. Savings in other areas such as professional services and DNR fees cancels out the deficit and has the outside services budget at 76.0%. Despite the overages, the fund in total, was on trend at 74.6%.



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VI. Capital Outlay & Improvements

With the passage of the half-cent Parks Sales Tax and the federal allocations from the American Rescue Act Plan, there have been many more equipment/vehicle purchases this year than in recent years. In an effort to replenish their rolling stock, **Police** have procured a total of twelve vehicles to date and a recent ordinance passed by the Council authorized the department to purchase twenty-seven additional vehicles. They have also been able to purchase two golf carts, a drone, and a speed trailer.

The **Parks Department** has been very active as well in trying to replace their deteriorating fleet of equipment and vehicles. Parks Maintenance has acquired several mowers/tractors, a backhoe, and a few trucks. These purchases have all been funded by the Parks Sales Tax Fund.

Two pumper trucks have been ordered by the **Fire Department** with lost revenue ARPA funds. Other equipment and vehicle purchases have been made by the Streets Department, Landfill, and Water Protection.

Bridge work continues as the third and final bond is scheduled to be issued this summer. The 5th Avenue and Genefield bridge projects are experiencing the most activity. Lover's Lane and McArthur will most likely round out the schedule.

The Parks Department was busy most of the winter preparing for the Women's NCAA Division II National Basketball Regional Finals in March. Improvements to the arena included new seating, floor ports, digital scoreboard, basketball goals and many other minor touches. The equipment and improvements were funded by the Parks Sales Tax Fund and ARPA. The Parks Department were able to finish projects around the City such as the Corby Pond docks, resurfacing of the Bode pickleball and basketball courts, and the installation of lighting for Eagles, Noyes, and South Park ball fields. On the horizon and in the design phase is the Krug improvement project. This will include renovations to the amphitheater, castle, playground area, and other areas well. The project will be the largest one funded by the Parks Sales Tax totaling around \$13,000,000. Portions of the work will be funded by the half-cent CIP tax as well.

The Water Protection Plant is currently in phase one of their energy efficiency projects (Biogas Optimization). The project is being headed by Schneider Electric and is budgeted for over \$15,000,000. The improvements will be partially funded by sewer bonds and SRF loans.

Work has begun across the river at Rosecrans Airport that includes runway reconstruction, a new terminal building, air traffic tower, and snow removal equipment building. Combined the project is expected to cost around \$40,000,000. Funding for these projects will come from several different sources including FAA, state-aid, Missouri Air National Guard, and other miscellaneous grants.