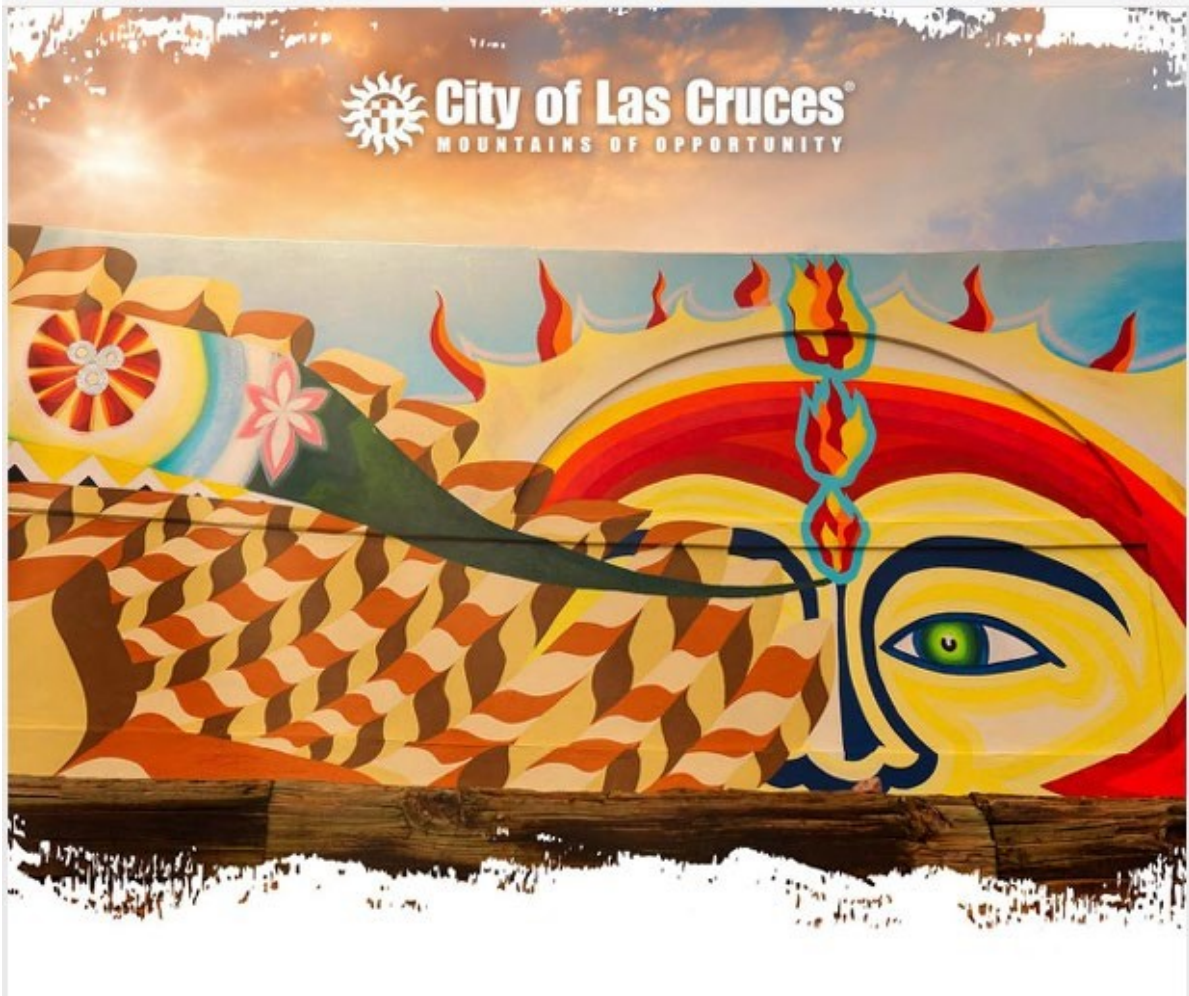


# FY2021 SECOND QUARTER BUDGET REPORT

Prepared by Budget Office – January 20, 2021

## REVENUES AND EXPENDITURES

- 6 Month Actuals Unaudited



## PAINTING A BRIGHTER FUTURE FOR LAS CRUCES

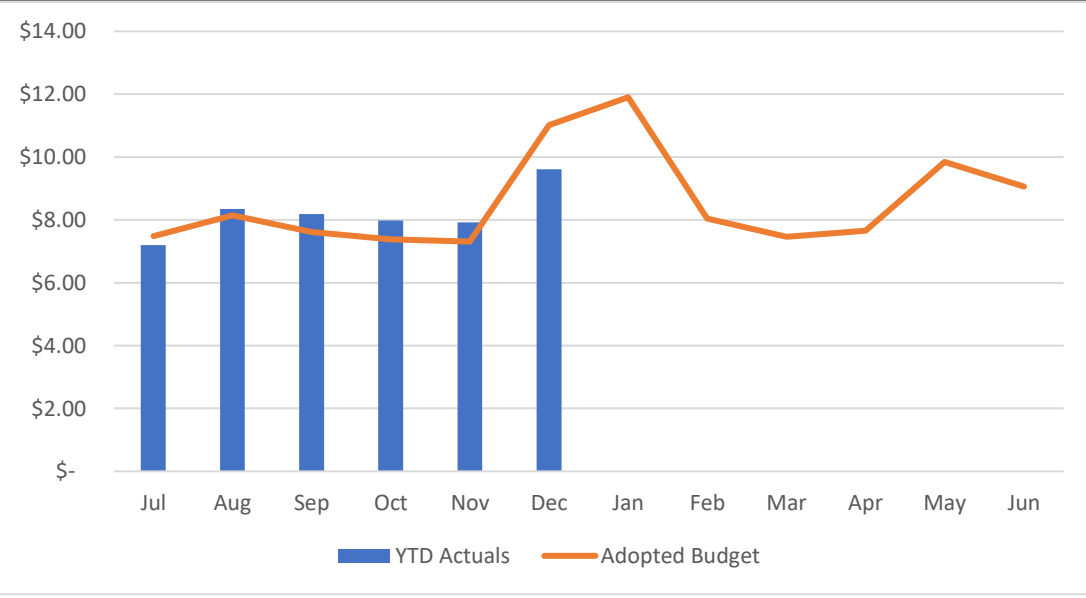
All financial data is from the City's financial management system. This is an unaudited financial/budget report.

# FISCAL YEAR 2021 FIRST QUARTER REPORT (As of End of December, 2020)

## GENERAL FUND REVENUES

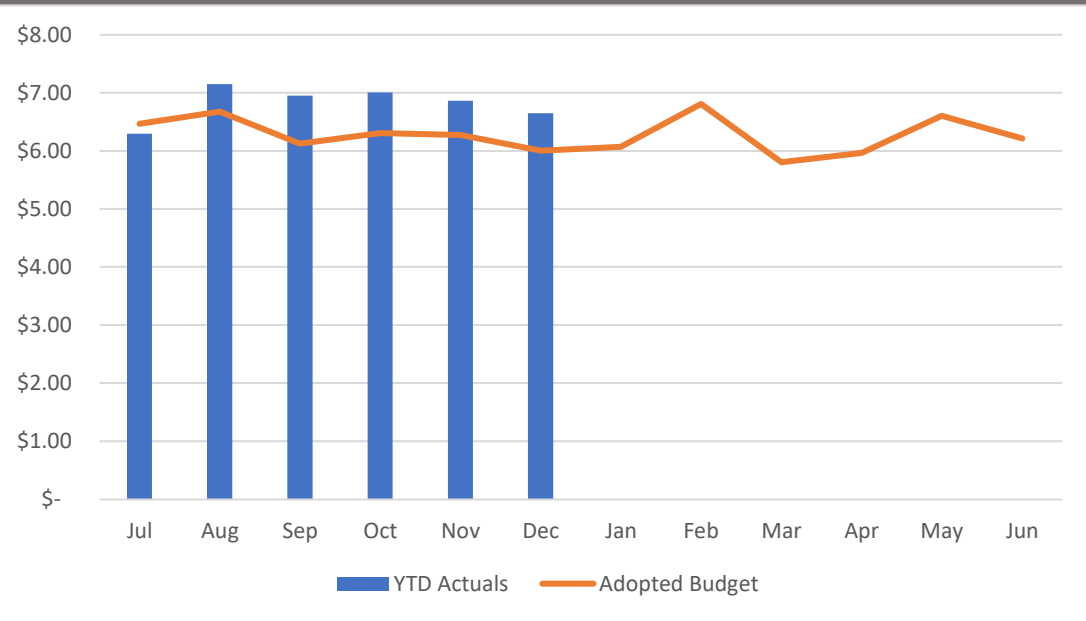
### ALL SOURCES (\$ In Millions)

Month	Adopted Budget	YTD Actuals	Variance
Jul	\$ 7.48	\$ 7.20	\$ (0.28)
Aug	8.14	8.35	0.21
Sep	7.61	8.19	0.58
Oct	7.38	7.98	0.60
Nov	7.31	7.92	0.61
Dec	11.01	9.60	(1.41)
Jan	11.90		
Feb	8.04		
Mar	7.46		
Apr	7.65		
May	9.84		
Jun	9.06		
<b>Total</b>	<b>\$ 102.88</b>	<b>\$ 49.24</b>	<b>\$ 0.31</b>



### GROSS RECEIPTS TAXES (\$ In Millions)

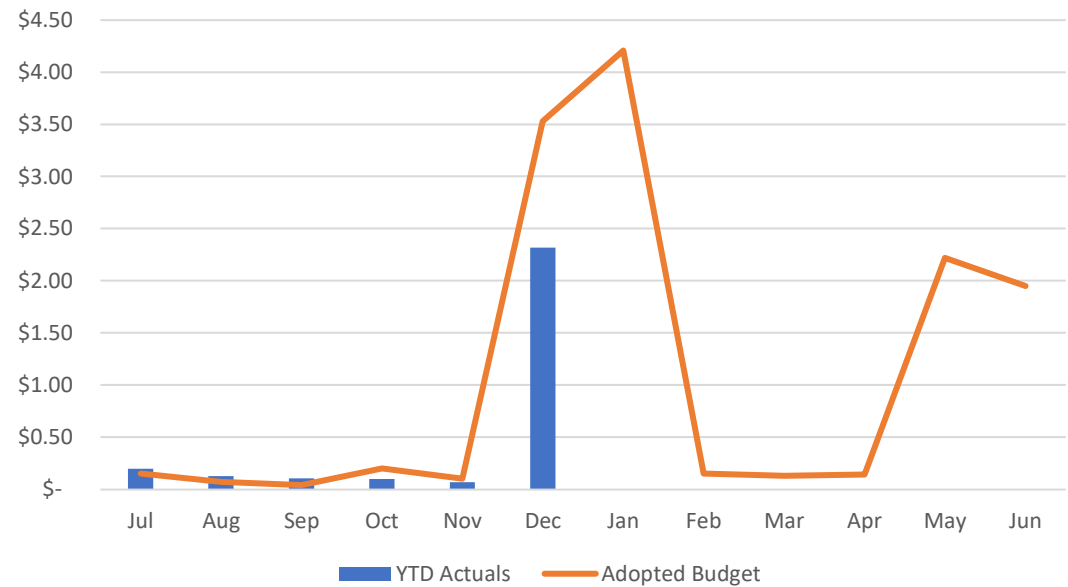
Month	Adopted Budget	YTD Actuals	Variance
Jul	\$6.47	\$ 6.30	\$ (0.17)
Aug	\$6.68	7.15	0.47
Sep	\$6.12	6.95	0.83
Oct	\$6.31	7.00	0.70
Nov	\$6.27	6.86	0.59
Dec	\$6.00	6.65	0.65
Jan	\$6.07		
Feb	\$6.81		
Mar	\$5.81		
Apr	\$5.96		
May	\$6.60		
Jun	\$6.21		
<b>Total</b>	<b>\$ 75.31</b>	<b>\$ 40.91</b>	<b>\$ 3.07</b>



# FISCAL YEAR 2021 FIRST QUARTER REPORT (As of End of December, 2020)

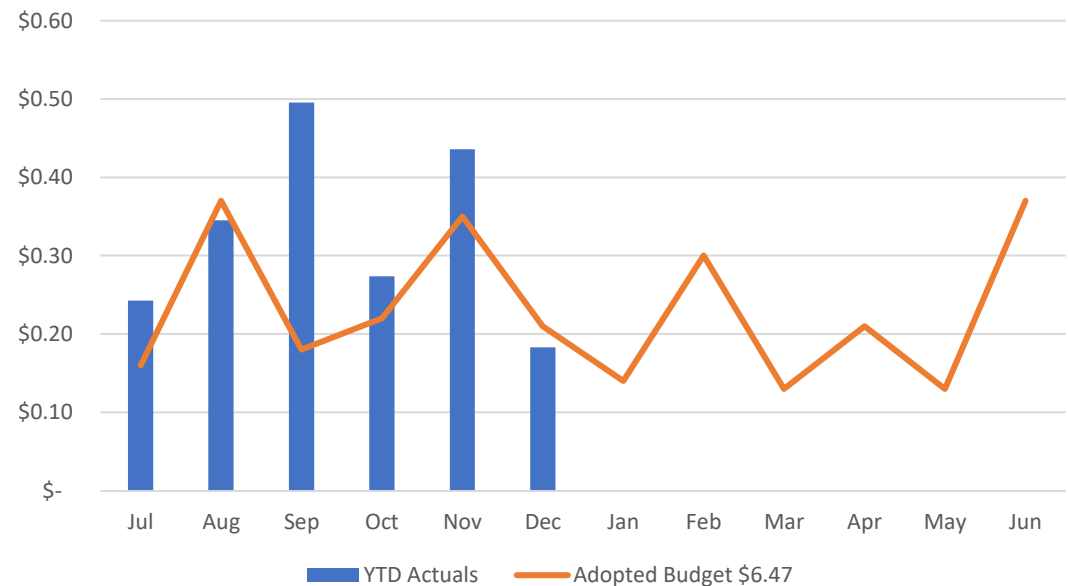
## PROPERTY TAX (\$ In Millions)

Month	Adopted Budget	YTD Actuals	Variance
Jul	\$ 0.15	\$ 0.20	\$ 0.05
Aug	0.07	0.13	0.06
Sep	0.04	0.11	0.07
Oct	0.20	0.10	(0.10)
Nov	0.10	0.07	(0.03)
Dec	3.53	2.32	(1.21)
Jan	4.21		
Feb	0.15		
Mar	0.13		
Apr	0.14		
May	2.22		
Jun	1.95		
<b>Total</b>	<b>\$ 12.89</b>	<b>\$ 2.91</b>	<b>\$ (1.18)</b>



## FRANCHISE FEES (\$ In Millions)

Month	Adopted Budget	YTD Actuals	Variance
Jul	\$ 0.16	\$ 0.24	\$ 0.08
Aug	0.37	0.35	(0.02)
Sep	0.18	0.50	0.32
Oct	0.22	0.27	0.05
Nov	0.35	0.44	0.09
Dec	0.21	0.18	(0.03)
Jan	0.14		
Feb	0.30		
Mar	0.13		
Apr	0.21		
May	0.13		
Jun	0.37		
<b>Total</b>	<b>\$ 2.77</b>	<b>\$ 1.98</b>	<b>\$ 0.49</b>



# FISCAL YEAR 2021 SECOND QUARTER REPORT (As of December 2020)

## GENERAL FUND REVENUES

	FY2021 Adopted Budget	FY2021 Budget Transfers	FY2021 Revised Budget	FY2021 6- Month Budget	FY2021 6- Month Actuals	6-Month Variance Favorable (Unfavorable)
Gross Receipts Tax	\$ 76,383,145	\$ -	\$ 76,383,145	\$ 38,191,573	\$ 40,910,332	\$ 2,718,760
State Shared	\$ 646,684	\$ -	\$ 646,684	\$ 323,342	\$ 274,187	\$ (49,155)
Property Taxes	\$ 12,896,126	\$ -	\$ 12,896,126	\$ 4,948,063	\$ 2,912,803	\$ (2,035,260)
Franchise Fees	\$ 3,971,546	\$ -	\$ 3,971,546	\$ 1,495,773	\$ 1,975,328	\$ 479,555
Investment Income	\$ 670,000	\$ -	\$ 670,000	\$ 335,000	\$ 53,879	\$ (281,121)
CD Building	\$ 1,639,595	\$ -	\$ 1,639,595	\$ 683,165	\$ 852,753	\$ 169,589
P&R Fees	\$ 919,000	\$ -	\$ 919,000	\$ 459,500	\$ 30,367	\$ (429,133)
ED Fees	\$ 362,921	\$ -	\$ 362,921	\$ 181,461	\$ 198,920	\$ 17,460
PW Fees	\$ 360,982	\$ -	\$ 360,982	\$ 180,491	\$ 315,487	\$ 134,996
PD Fees	\$ 1,040,885	\$ -	\$ 1,040,885	\$ 520,443	\$ 102,906	\$ (417,537)
Other Revenue	\$ 3,993,391	\$ (6,454)	\$ 3,986,937	\$ 1,993,469	\$ 1,620,406	\$ (373,063)
<b>TOTAL REVENUE</b>	<b>\$ 102,884,275</b>	<b>\$ (6,454)</b>	<b>\$ 102,877,821</b>	<b>\$ 49,312,278</b>	<b>\$ 49,247,369</b>	<b>\$ (64,909)</b>

## SPECIAL REVENUES

	FY2021 Adopted Budget	FY2021 Budget Transfers	FY2021 Revised Budget	FY2021 6- Month Budget	FY2021 6- Month Actuals	6-Month Variance Favorable (Unfavorable)
Prisoner Care	\$ 150,000	\$ -	\$ 150,000	\$ 75,000	\$ 437,238	\$ 362,238
Street Maintenance	\$ 7,550,000	\$ -	\$ 7,550,000	\$ 3,775,000	\$ 4,026,956	\$ 251,956
Flood Operations	\$ 4,935,034	\$ -	\$ 4,935,034	\$ 2,467,517	\$ 1,018,276	\$ (1,449,241)
Health Care	\$ -	\$ -	\$ -	\$ -	\$ 4,471	\$ 4,471
Visit Las Cruces	\$ 2,368,958	\$ -	\$ 2,368,958	\$ 1,184,479	\$ 732,308	\$ (452,171)
Griggs Walnut Rem	\$ 238,395	\$ 6,389,407	\$ 6,627,802	\$ 3,313,901	\$ 6,489,256	\$ 3,175,355
Environmental GRT	\$ 1,860,000	\$ -	\$ 1,860,000	\$ 930,000	\$ 1,005,632	\$ 75,632
Gas Tax	\$ 1,742,000	\$ -	\$ 1,742,000	\$ 871,000	\$ 893,655	\$ 22,655

	FY2021 Adopted Budget	FY2021 Budget Transfers	FY2021 Revised Budget	FY2021 6- Month Budget	FY2021 6- Month Actuals	6-Month Variance Favorable (Unfavorable)
<b>ENTERPRISE AND INTERNAL REVENUES</b>						
Airport Operations	\$ 4,135,451.64	\$ 891,447.18	\$ 5,026,898.82	\$ 2,513,449.41	\$ 1,906,593.31	\$ (606,856.10)
Utilities Total	<b>\$ 75,685,518.00</b>	<b>\$ 6,620,103.00</b>	<b>\$ 82,305,621.00</b>	<b>\$ 41,152,810.50</b>	<b>\$ 43,717,586.23</b>	<b>\$ 2,564,775.73</b>
Office of the Director	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Natural Gas	\$ 20,989,781.00	\$ -	\$ 20,989,781.00	\$ 10,494,890.50	\$ 8,306,584.14	\$ (2,188,306.36)
Water Operations	\$ 22,951,381.00	\$ (8,000.00)	\$ 22,943,381.00	\$ 11,471,690.50	\$ 12,930,305.18	\$ 1,458,614.68
Wastewater Operations	\$ 15,863,791.00	\$ -	\$ 15,863,791.00	\$ 7,931,895.50	\$ 7,885,437.88	\$ (46,457.62)
Solid Waste Operations	\$ 14,669,195.00	\$ -	\$ 14,669,195.00	\$ 7,334,597.50	\$ 8,112,449.07	\$ 777,851.57
Environmental	\$ 204,000.00	\$ 6,628,103.00	\$ 6,832,103.00	\$ 3,416,051.50	\$ 6,482,809.96	\$ 3,066,758.46
Customer Engagement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Revenue & Financial	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Regulatory Compliance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Support & Project Managemen	\$ 1,007,370.00	\$ -	\$ 1,007,370.00	\$ 503,685.00	\$ -	\$ (503,685.00)
Fleet Services	\$ 5,805,000.00	\$ -	\$ 5,805,000.00	\$ 2,902,500.00	\$ 2,380,499.84	\$ (522,000.16)
Employee Health	\$ 21,070,945.00	\$ -	\$ 21,070,945.00	\$ 10,535,472.50	\$ 7,149,014.86	\$ (3,386,457.64)
Workers Comp	\$ 890,000.00	\$ -	\$ 890,000.00	\$ 222,500.00	\$ 608,962.32	\$ 386,462.32
Liability Claims	\$ 3,800,000.00	\$ 2,000,000.00	\$ 5,800,000.00	\$ 1,450,000.00	\$ 3,030,918.70	\$ 1,580,918.70

# FISCAL YEAR 2021 SECOND QUARTER REPORT (As of December 31, 2020)

## **GENERAL FUND REVENUES VARIANCE EXPLANATION**

**Gross Receipts Tax (GRT)** including state shared and internet sales tax has a favorable variance. The favorable variance is due to the increase in the construction industry, hold harmless food/medical and internet sales tax. Overall, there has been an accumulative increase in GRT of 8% in the second quarter compared to budget.

**Property Taxes** has an unfavorable variance for the second quarter. Most of the property taxes are collected by the County twice a year in December and May with small amounts coming in each month due to property sales. Property taxes for December came in approximately \$1 million lower than past fiscal years. We have reached out to the County by email inquiring why our distribution was lower than normal.

**Franchise Fees** are sent into the City either quarterly or monthly. Franchise fees are received on electricity, cable TV, and cellular. We do not receive franchise fees for internet service. Most of our franchise agreements have expired and Legal is currently working on our franchise agreement with comcast and El Paso Electric. Our franchise fees vary from the companies. Some fees are received every month and some quarterly. Franchise fees have come in higher-than predicted. We believe this increase is related to the COVID-19 restrictions which may have increased electric and cable TV usage.

**Investment Income** has a very unfavorable variance. Currently, we have only received 8% of what was budgeted for the fiscal year. The Treasury Section has estimated that the investment income will be down for fiscal year 21. While all funds are invested the amount documented for investment income is reliant upon the rate of return from the investment and the available balance of the fund. This amount could vary especially with the fluctuation of the current market and economy. Budget is taking an adjustment to Council during the 3<sup>rd</sup> quarter.

**Community Development Building Fees** has a very favorable variance. Revenues are 25% over budget which correlates with what is reported by Community Development. Per Community Development the December permit valuations were up 50% over 2019. Permit issuance from 2019 to 2020 were up by 15%.

**Parks & Recreation (P&R)** has an unfavorable variance. As the COVID restrictions continue the Parks and Recreational activities for the City have been reduced and limited.

**Economic Development (ED) and Public Works (PW)** have a favorable variance. ED has income from rental and lease income and various grants. PW has income from street maintenance repairs from Utilities and work orders from their Facilities Section.

**Police (PD) Fees** has an unfavorable variance. In the beginning of the COVID pandemic the Police Department limited the number of traffic violations so that they were able to reduce their contact with the public.

**Other Revenue** includes fess collected from other Departments that charge for services. This includes such charges as museum and library fines. Most if not all these community centers have been closed during the pandemic.

**SPECIAL REVENUE FUNDS REVENUE (EACH QUARTER  
WILL HIGHLIGHT SEVERAL FUNDS)**

**VARIANCE EXPLANATION**

Most of the favorable/unfavorable variances in the special revenue funds is due to investment income. It is the responsibility of the Treasury Department to invest, budget, and predict the investment income for the fiscal year. There will be a budget adjustment during the 3<sup>rd</sup> quarter for investment income.

**Street Maintenance and Flood Control Operations** are for the operational expenditures for street maintenance and flood control operations. The fund's revenue source for street maintenance is 0.25% of the gross receipts tax and the flood control source is a 2 million property tax assessment. Flood Control has an unfavorable variance. Since this fund is reliant on property taxes it correlates with the unfavorable variance with property tax revenues.

**Visit Las Cruces** revenues are provided from Lodger's tax. The NM Lodger's Tax Act authorized the ability to impose a 5% tax of gross taxable rent for lodging paid to vendors. Currently with the COVID-19 pandemic there has been a substantial loss to lodger's tax.

**Griggs Walnut Remediation** is a superfund that provides payments for water contamination cleanup at the Griggs/Walnut site. It is guided by a settlement agreement with EPA, the City, and the County (50/50 split). The increase in revenue actuals is due to a recent settlement from EPA. The settlement was brought to Council in October 19 for a budget adjustment.

**Environmental GRT** revenue is provided from a 0.0625% of the gross receipts tax. The EGRT was enacted by the City in Ordinance 1484 in October 1995. The EGRT has a favorable variance, which correlates with our favorable variance for GRT.

**Gas Tax** revenues account for the receipt of gasoline tax remittances from the State. State Law (7-1-6.9 NMSA 1978) requires the distributions to be received into a separate road fund. Gas tax has a slight favorable variance. The budget was increased from FY2019 to FY2020 by 16%. For FY2021 we kept the budget close to the FY2020 budget. With the slight increase of actuals over budget at the second quarter and the COVID restrictions Budget believe this fund needs to be reviewed.



## ENTERPRISE AND INTERNAL REVENUES (EACH QUARTER WILL HIGHLIGHT SEVERAL FUNDS)

### VARIANCE EXPLANATION

**Airport Operations** has an unfavorable variance. Revenues for the airport is a combination of transfers from the general funds, lease rentals at the airport, and grants and matches. Airport revenues are down due to grant usage and drawdowns.

**Utilities** revenues are based on rates. The increase in the revenue is due to the EPA settlement, which was brought to Council in October. Currently we have an unfavorable variance for natural gas. This is due to the natural gas prices and the warmer weather.

**Fleet Services** receives a transfer from the general fund along with charges to departments that are not general funded for fuel and vehicle maintenance. Currently Fleet is implementing a new software system and will be converting to chargeback for FY2022. The unfavorable variance in Fleet is due to several factors. These factors include departments that are chargeback have reduced their hours of operations dues to COVID which reduces fuel and maintenance revenues. Fleet has had issues with a default setting that overriding some of the accounts on the work orders. Fleet reached out to Tyler Support and we have found that a default setting was incorrect. Tyler fixed the default in October 2020. Fleet needs to work with Financial Services to journal entry corrections to correct Fleets revenues. Budget and Fleet will work with Financial Services in Q3 to make those adjustments.

**Employee Health** revenues come from a transfer from the general fund and deduction of employee medical and dental premiums. The contribution to medical health premiums is 60/40 (employer/employee), which is set by state statute. The reason for the unfavorable variance is due to several factors, which includes credits not yet received from BC/BS for Rx Benefits drug rebates from the drug companies, employees moving from one tier to another tier lowering premiums and starting January 1, 2021 premiums that were budgeted with a 12% increase will not increase. Budget will work with HR to re-evaluate the revenues and make adjustments during the 3<sup>rd</sup> quarter.

**Workers Comp** is currently a transfer from the general fund and Utilities. Budget is working with Finance, HR, and Risk to implement a module in MUNIS that will move funds each payroll period into the workers comp fund. Utilities and the General Fund are the only departments contributing to this fund. Finance Department has not made any transfers from the general fund to this fund for the first quarter.

**Liability Claims** is a transfer from the general funds. All transfers are up to date.

# FISCAL YEAR 2021 FIRST QUARTER REPORT (As of December 31, 2020)

	FY2021 Adopted Budget	FY2021 Budget Transfers	FY2021 Revised Budget	FY2021 6- Month Budget	FY2021 6- Month Actuals	6-Months Variance Favorable (Unfavorable)
<b>GENERAL FUND EXPENSE BY DEPARTMENT</b>						
Mayor and Council	\$ 708,052	\$ -	\$ 708,052	\$ 354,026	\$ 275,898	\$ (78,128)
Municipal Court	\$ 1,472,319	\$ -	\$ 1,472,319	\$ 736,160	\$ 516,030	\$ (220,129)
City Manager	\$ 6,038,677	\$ (744,592)	\$ 5,294,085	\$ 2,647,043	\$ 2,080,328	\$ (566,715)
Legal	\$ 3,339,743	\$ 130,000	\$ 3,469,743	\$ 1,734,872	\$ 1,027,996	\$ (706,876)
Police	\$ 26,508,761	\$ 25,897	\$ 26,534,658	\$ 13,267,329	\$ 11,453,963	\$ (1,813,366)
Fire & Emergency Services	\$ 16,219,373	\$ 30,721	\$ 16,250,094	\$ 8,125,047	\$ 7,863,492	\$ (261,555)
Economic Development	\$ 2,538,821	\$ 126,644	\$ 2,665,465	\$ 1,332,733	\$ 1,042,700	\$ (290,033)
Human Resources	\$ 1,502,776	\$ -	\$ 1,502,776	\$ 751,388	\$ 545,833	\$ (205,555)
Financial Services	\$ 4,548,695	\$ 2,023	\$ 4,550,718	\$ 2,275,359	\$ 1,735,917	\$ (539,442)
Information Technology	\$ 5,095,702	\$ 313,463	\$ 5,409,165	\$ 2,704,583	\$ 2,757,795	\$ 53,213
Parks & Recreation	\$ 11,727,435	\$ 119,528	\$ 11,846,963	\$ 5,923,481	\$ 4,943,481	\$ (980,000)
Community Development	\$ 5,063,726	\$ 27,181	\$ 5,090,907	\$ 2,545,453	\$ 1,743,988	\$ (801,466)
Quality of Life	\$ 7,203,696	\$ 76,984	\$ 7,280,680	\$ 3,640,340	\$ 2,967,810	\$ (672,530)
Public Works	\$ 10,039,908	\$ 43,791	\$ 10,083,699	\$ 5,041,850	\$ 3,564,142	\$ (1,477,707)
Prisoner Care	\$ 1,650,000	\$ -	\$ 1,650,000	\$ 825,000	\$ 62,100	\$ (762,900)
Street Maintenance	\$ 3,178,803	\$ -	\$ 3,178,803	\$ 1,589,402	\$ 1,267,415	\$ (321,986)
Flood Operations	\$ 3,077,618	\$ 149,074	\$ 3,226,692	\$ 1,613,346	\$ 1,040,866	\$ (572,480)
Health Care	\$ 2,367,000	\$ 4,093,810	\$ 6,460,810	\$ 3,230,405	\$ 1,928,403	\$ (1,302,002)
Visit Las Cruces	\$ 2,332,778	\$ 200,000	\$ 2,532,778	\$ 1,266,389	\$ 654,833	\$ (611,556)
Downtown Las Cruces	\$ 1,684,095	\$ 3,000,000	\$ 4,684,095	\$ 2,342,048	\$ 1,561,462	\$ (780,586)
Environmental GRT	\$ 55,125	\$ -	\$ 55,125	\$ 27,563	\$ 27,639	\$ 77
Gas Tax	\$ 590,851	\$ -	\$ 590,851	\$ 295,426	\$ 545,323	\$ 249,897

ENTERPRISE AND INTERNAL SERVICES EXPENSES BY FUND

	FY2021 Adopted Budget	FY2021 Budget Transfers	FY2021 Revised Budget	FY2021 6-Month Budget	FY2021 6-Month Actuals	6-Months Variance Favorable (Unfavorable)
Airport Operations	\$ 5,904,346	\$ (966,058)	\$ 4,938,288	\$ 2,469,144	\$ 2,024,685	\$ (444,459)
	\$ -	\$ -	\$ -		\$ -	\$ -
Utilities Total	<b>\$ 107,867,958</b>	<b>\$ 30,638,306</b>	<b>\$ 138,506,264</b>	<b>\$ 69,253,132</b>	<b>\$ 40,371,391</b>	<b>\$ (28,881,741)</b>
Office of the Director	\$ 2,193,022	\$ (59,762)	\$ 2,133,260	\$ 1,066,630	\$ 580,144	\$ (486,486)
Natural Gas	\$ 23,104,063	\$ 647,323	\$ 23,751,386	\$ 11,875,693	\$ 6,694,272	\$ (5,181,421)
Water Operations	\$ 23,186,463	\$ 468,195	\$ 23,654,658	\$ 11,827,329	\$ 9,810,392	\$ (2,016,937)
Wastewater Operations	\$ 16,507,814	\$ 572,163	\$ 17,079,977	\$ 8,539,989	\$ 6,840,321	\$ (1,699,667)
Solid Waste Operations	\$ 13,500,869	\$ 482,017	\$ 13,982,886	\$ 6,991,443	\$ 5,391,471	\$ (1,599,972)
Environmental	\$ 2,538,411	\$ 3,245,432	\$ 5,783,843	\$ 2,891,922	\$ 2,114,153	\$ (777,768)
Customer Engagement	\$ 5,158,459	\$ 197,466	\$ 5,355,925	\$ 2,677,963	\$ 1,966,078	\$ (711,884)
Revenue & Financial	\$ 2,943,583	\$ 194,916	\$ 3,138,499	\$ 1,569,250	\$ 1,189,281	\$ (379,969)
Regulatory Compliance	\$ 3,243,933	\$ 165,043	\$ 3,408,976	\$ 1,704,488	\$ 1,291,884	\$ (412,604)
Support & Project Management	\$ 15,491,341	\$ 24,725,513	\$ 40,216,854	\$ 20,108,427	\$ 4,493,320	\$ (15,615,107)
	\$ -	\$ -	\$ -		\$ -	\$ -
Fleet Services	\$ 6,342,428	\$ -	\$ 6,342,428	\$ 3,171,214	\$ 2,279,906	\$ (891,308)
Employee Health	\$ 19,625,816	\$ -	\$ 19,625,816	\$ 9,812,908	\$ 6,071,841	\$ (3,741,067)
Workers Comp	\$ 2,201,433	\$ -	\$ 2,201,433	\$ 1,100,717	\$ 714,534	\$ (386,182)
Liability Claims	\$ 4,142,698	\$ 3,000,000	\$ 7,142,698	\$ 3,571,349	\$ 3,678,190	\$ 106,841

## **GENERAL FUND EXPENDITURES BY DEPARTMENT VARIANCE EXPLANATION**

For the second quarter departments spending should be around 50%. However overall usage is 42% due to COVID-19 and personnel vacancies. After quarter two there are approximately 133 vacant positions. With performance based-budgeting some expenses within the departments could be seasonal. These expenses could include software purchases/renewals, dues, travel, and other nonoperational expenses. Much of the savings for these departments is due to vacant positions. The upcoming quarterly review meetings to the City Manager, will give an in-depth analysis by each program. Overall expenses are below by 8% for second quarter.

## **SPECIAL REVENUE EXPENDITURES (EACH QUARTER WILL HIGHLIGHT SEVERAL FUNDS) VARIANCE EXPLANATION**

**Prisoner Care** are the charges sent to the City from the County for persons incarcerated by the Las Cruces Police Department. The charges are set by the County and are invoiced as a per day charge. In past fiscal years, the invoices were approximately \$150,000 per month and include a transfer from the General Fund. With the decrease in charges budget will be taking an adjustment to Council in the 3<sup>rd</sup> quarter to adjust the transfer from the General Fund.

**Street Maintenance and Flood Control Operations** are for the operational expenditures for street maintenance and flood control operations. With the operations of COVID-19 to reduce the amount of contact operations have slowed down causing expenses to decrease.

**Health Care** supplies support for emergency assistance for the impact from COVID19. This fund receives a transfer from the Telshor Fund. Most of the expenses from COVID-19 are anticipated to be reimbursed by the COVID FEMA grant and the State Cares Act.

**Visit Las Cruces** receives funding through the NM Lodger's Tax Act, which authorized the ability to impose a 5% tax of gross taxable rent for lodging paid to vendors. Currently with the COVID-19 pandemic there has been a substantial loss to the lodger's tax and expenses have decreased due to the closure of the Convention Center and loss of lodger's tax.

**Environmental GRT** expenses in the EGRT are used by the Utilities Department for various environmental projects in water, wastewater, and solid waste and are on target.

**Gas Tax** expenses are regulated by statute and used for repair and maintenance of roads within the City. Due to the restrictions from COVID, operations on street maintenance has dropped to reduce exposure to staff.

## ENTERPRISE AND INTERNAL EXPENDITURES (EACH QUARTER WILL HIGHLIGHT SEVERAL FUNDS)

### VARIANCE EXPLANATION

**Airport Operations** usage is down due to COVID-19 and construction at the airport from Federal and State grants.

**Fleet Services** expenses are due to several vacant positions, lower fuel usage, and lower maintenance of vehicles due to the pandemic.

**Employee Health** expenses have greatly decreased. Our Benefits Committee has meet with our consultant and with the COVID-19 pandemic they have seen several behaviors that contribute to the decrease in expenses. These behaviors include 1) medical service providers were not open or limiting their services until some of the Governors restrictions were lifted, 2) fewer claims are being filed on medical, dental, and vision. Our Consultant has stated that due to the COVID Pandemic they see persons delaying preventive care and not scheduling elective procedures. As the restrictions reduce, they expect the number of claims to increase. How much of an increase cannot be determined at this time, and 3) we are unable to collect specific data on our employees, but we believe there might be an increase in the utilization of Telemed services which is free to all City employees.

**Workers Comp** expenses are used by Risk Management for workers compensation claims and wages. The recent actuarial study states that this fund needs to have an available balance of \$3.9 million beyond their expenses. Available balance is approximately \$1.9 million.

**Liability Claims** expenditures have slowed down during the 2<sup>nd</sup> quarter. However, there are several litigations pending. The annual actuarial study states that this fund needs to have an available balance of \$6 million beyond any possible outstanding claims.