

# 2022 Budget

## City Manager's Recommendations

Internal Service Funds

November 17, 2021



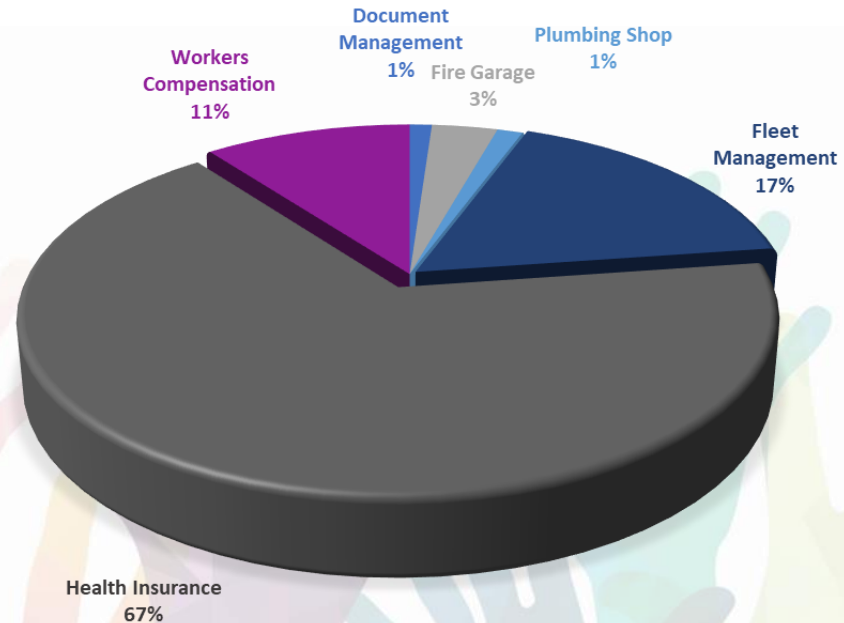
**DAYTON**

# Internal Service Funds

## Recommended Allocations

Internal Service Funds by Program	
Document Management Services	531,300
<b>Total Information Technology Programs</b>	<b>531,300</b>
Fire Garage	1,578,800
<b>Total Fire Department Programs</b>	<b>1,578,800</b>
Plumbing Shop	612,400
Fleet Management	8,217,700
<b>Total Public Works Programs</b>	<b>8,830,100</b>
Health Insurance Fund	32,176,200
Workers Compensation Fund	4,977,600
<b>Total Human Resources Programs</b>	<b>37,153,800</b>
<b>Total Internal Service Funds</b>	<b>48,094,000</b>

## Program Areas



# Internal Service Funds

## Source & Uses by Program Area

Document Management Services				
	2021	2022		
Estimated Sources	Projected Actuals	Proposed Budget	\$ Chg.	% Chg.
Beginning Cash Balance	311,806	285,900	(25,906)	-8.3%
Projected Revenue	498,170	520,000	21,830	4.4%
<b>Total Sources and Cash Balance</b>	<b>809,976</b>	<b>805,900</b>	<b>(4,076)</b>	<b>-0.5%</b>
<b>Estimated Uses</b>				
<b>Personnel Costs</b>	<b>87,800</b>	<b>91,800</b>	<b>4,000</b>	<b>4.6%</b>
<b>Contracts &amp; Materials</b>				
Tools and Equipment	385,200	385,200	-	0.0%
External Vendors	11,800	16,000	4,200	35.6%
Supplies & Inventory	39,300	38,300	(1,000)	-2.5%
<b>Contracts &amp; Materials</b>	<b>436,300</b>	<b>439,500</b>	<b>3,200</b>	<b>0.7%</b>
<b>Total Expenses</b>	<b>\$524,100</b>	<b>\$531,300</b>	<b>\$7,200</b>	<b>1.4%</b>
<b>Revenue over Expenses</b>	<b>(\$25,900)</b>	<b>(\$11,300)</b>	<b>\$14,600</b>	<b>-56.4%</b>
<b>Ending Cash Balance</b>	<b>\$285,900</b>	<b>\$274,600</b>	<b>(\$11,300)</b>	<b>-4.0%</b>

### 2022 Program Budget Highlights & Special Issues

- 2021 Projected Revenues are lower due to decreased utilization of printing in the office and printing services during first half of 2021, attributed to COVID-19.
- 2022 revenues are projected to increase 4.4% based on increased utilization of printing services.
- Personnel Costs are higher due to contractual increases.
- The 2022 budget assumes one health insurance holiday. This will be adjusted to reflect recent collective bargaining agreements.
- 2021 assumed a \$25,900 use of the cash reserve, however, as utilization increases 2022 is projected to end the year with a cash balance of \$274,600.

# Internal Service Funds

## Source & Uses by Program Area

Fire Garage				
	Projected	2022 Proposed		
Estimated Sources	2021 Actuals	Budget	\$ Chg.	% Chg.
Beginning Cash Balance	256,400	162,200	(94,200)	-36.7%
Projected Revenue	1,449,300	1,595,900	146,600	10.1%
<b>Total Sources and Cash Balance</b>	<b>1,705,700</b>	<b>1,758,100</b>	<b>52,400</b>	<b>3.1%</b>
<b>Estimated Uses</b>				
<b>Personnel Costs</b>	<b>878,100</b>	<b>1,040,500</b>	<b>162,400</b>	<b>18.5%</b>
<b>Contracts &amp; Materials</b>				
Supplies & Miscellaneous	480,400	370,000	(110,400)	-23.0%
Other Maintenance	122,800	105,000	(17,800)	-14.5%
Utilities	25,100	21,000	(4,100)	-16.3%
Insurance	19,900	22,000	2,100	10.6%
Other Professional Services	10,200	9,500	(700)	-6.9%
All Others	7,000	10,800	3,800	54.3%
<b>Contracts &amp; Materials</b>	<b>665,400</b>	<b>538,300</b>	<b>(127,100)</b>	<b>-19.1%</b>
<b>Total Expenses</b>	<b>\$1,543,500</b>	<b>\$1,578,800</b>	<b>\$35,300</b>	<b>2.3%</b>
<b>Revenues over Expenses</b>	<b>(\$94,200)</b>	<b>\$17,100</b>	<b>\$111,300</b>	<b>-118.2%</b>
<b>Ending Cash Balance</b>	<b>\$162,200</b>	<b>\$179,300</b>	<b>\$17,100</b>	<b>10.5%</b>

### 2022 Program Budget Highlights & Special Issues

- 2021 Projected Revenue is \$1,449,300, with a \$162,200 projected year end cash balance. Due to 3 Heavy Equipment Mechanic positions being vacant, Fire Garage's revenues are projected to be 9% lower than budgeted.
- In accordance, Personnel Costs are projected to be down by 18% compared to the budget.
- 2022 revenues are projected to be 10% or, \$146,600 higher than 2021 with an assumption of filling all vacant positions.
- Supplies and Materials are budgeted 23% lower in 2022. 2021 includes increased costs associated with emergency apparatus repairs and having to use external repair shops.
- Following a projected use of \$94,200 from the cash reserve in 2021, 2022 is projected to add \$17,100 with an ending balance of \$179,300.

# Internal Service Funds

## Source & Uses by Program Area

Plumbing Shop				
	Projected 2021 Actuals	2022 Proposed Budget	\$ Chg.	% Chg.
<b>Estimated Sources</b>				
Beginning Cash Balance	228,622	94,722	(133,900)	-58.6%
Projected Revenue	482,100	612,400	130,300	27.0%
<b>Total Sources and Cash Balance</b>	<b>710,722</b>	<b>707,122</b>	<b>(3,600)</b>	<b>-0.5%</b>
<b>Estimated Uses</b>				
<b>Personnel Costs</b>	<b>411,700</b>	<b>475,400</b>	<b>63,700</b>	<b>15.5%</b>
<b>Contracts &amp; Materials</b>				
Supplies & Materials	159,900	123,000	(36,900)	-23.1%
Fleet & Fuel	5,800	14,000	8,200	141.4%
All Others	3,000	-	(3,000)	-100.0%
<b>Total Contracts &amp; Materials</b>	<b>168,700</b>	<b>137,000</b>	<b>(31,700)</b>	<b>-18.8%</b>
<b>Capital Equipment/Technology</b>	<b>35,600</b>	<b>-</b>	<b>(35,600)</b>	<b>-100.0%</b>
<b>Total Expenses</b>	<b>\$616,000</b>	<b>\$612,400</b>	<b>\$32,000</b>	<b>-0.6%</b>
<b>Revenues over Expenses</b>	<b>-\$133,900</b>	<b>\$0</b>	<b>\$133,900</b>	<b>-100.0%</b>
<b>Ending Cash Balance</b>	<b>\$94,722</b>	<b>\$94,722</b>	<b>\$133,900</b>	<b>-100.0%</b>

### 2022 Program Budget Highlights & Special Issues

- 2021 Projected Revenues are expected to be lower than budgeted due to productivity loss following employees' injury leave and fewer departmental customers.
- The final 2021 Projected Revenue is \$482,100, with an ending cash balance of \$94,700. Rising expenses, coupled with lower billable hours have eroded the fund's cash balance.
- The Plumbing Shop is improving billing practices and will increase the hourly rate for plumbing services from \$65 to \$90 in 2022.
- In 2021, Personnel costs are lower due to fewer labor charges to the Plumbing Shop as employees on injury leave were paid out of the General Fund.
- 2022 Supplies & Materials budget has been reduced to minimize costs to the fund based on current revenue. Will monitor expenses and can adjust based on revenue performance in 2022.
- Fleet & Fuel costs were lower in 2021 due to staffing absences.
- The 2021 Capital budget includes a van replacement. No capital purchases are budgeted for 2022.

# Internal Service Funds

## Source & Uses by Program Area

Fleet Management				
	Projected	2022 Proposed		
Estimated Sources	2021 Actuals	Budget	\$ Chg.	% Chg.
Beginning Cash Balance	1,541,668	1,599,368	57,700	3.7%
Projected Revenue	7,360,500	8,217,700	857,200	11.6%
<b>Total Sources and Cash Balance</b>	<b>8,902,168</b>	<b>9,817,068</b>	<b>914,900</b>	<b>10.3%</b>
<b>Estimated Uses</b>				
<b>Personnel Costs</b>	<b>2,546,100</b>	<b>3,270,400</b>	<b>724,300</b>	<b>28.4%</b>
<b>Contracts &amp; Materials</b>				
Inventory	1,722,900	1,800,000	77,100	4.5%
Gasoline & Diesel	2,117,700	2,070,000	(47,700)	-2.3%
Other Equipment Maintenance	794,100	633,500	(160,600)	-20.2%
Other Professional Services	30,200	80,000	49,800	164.9%
Supplies & Miscellaneous	75,000	75,000	-	0.0%
Facility Maintenance & Custodial	8,500	110,000	101,500	1194.1%
All Others	8,300	8,800	500	6.0%
<b>Total Contracts &amp; Materials</b>	<b>4,756,700</b>	<b>4,777,300</b>	<b>20,600</b>	<b>0.4%</b>
<b>Capital Equipment/Technology</b>	<b>-</b>	<b>170,000</b>	<b>170,000</b>	<b>N.A.</b>
<b>Total Expenses</b>	<b>\$ 7,302,800</b>	<b>\$ 8,217,700</b>	<b>\$ 914,900</b>	<b>12.5%</b>
<b>Revenues over Expenses</b>	<b>\$57,700</b>	<b>\$0</b>	<b>-\$57,700</b>	<b>-100.0%</b>
<b>Ending Cash Balance</b>	<b>\$1,599,368</b>	<b>\$1,599,368</b>	<b>-\$57,700</b>	<b>-100.0%</b>

### 2022 Program Budget Highlights & Special Issues

- Projected 2021 Revenue is \$7,360,500, with a predicted year-end cash balance of \$1,599,400. Revenues are projected to be 3% higher than 2020, following pandemic-driven declines.
- 2022 Revenue and Expenditure budget assumes the merger of Aviation's fleet operations within Fleet Management.
- Continued revenue recovery is projected in 2022, with a revenue projection of \$8,217,700. This includes continued growth post-pandemic and the assumption of \$600,000 of new revenue from Aviation for fleet services.
- 2022 Personnel costs are over 28%, or nearly \$724,300, higher than in 2021. This is due to the assumption of three Heavy Equipment Mechanic positions from Aviation and the restoration of three previously abolished Fleet positions to manage all Fleet operations.
- Other Equipment Maintenance costs are budgeted almost 20% lower in 2022, due to higher maintenance costs in 2021 associated with increased usage of external body shops. Other Professional Services is almost \$50,000 higher in 2022, as 2021 included budget for a partial year of vehicle tracking services.
- 2022 includes budgeted capital expenses of a truck and a ventilation system for the fleet garage.

# Internal Service Funds

## Source & Uses by Program Area

Workers Compensation Fund				
Estimated Sources	2021 Projection	2022 Proposed Budget	\$ Chg.	% Chg.
Beginning Cash Balance	19,532,869	18,745,369	(787,500)	-4.0%
Revenue	3,583,000	3,067,000	(516,000)	-14.4%
<b>Total Sources &amp; Cash Balance</b>	<b>\$ 23,115,869</b>	<b>\$ 21,812,369</b>	<b>\$ (1,303,500)</b>	<b>-5.6%</b>
<b>Estimated/Budgeted Expenses</b>				
<b>Personnel Costs</b>	<b>571,100</b>	<b>641,500</b>	<b>70,400</b>	<b>12.3%</b>
BWC Claims Payments	2,612,000	3,036,500	424,500	16.3%
Professional Services	927,200	1,011,300	84,100	9.1%
Indirect Costs	153,600	104,300	(49,300)	-32.1%
Supplies & Materials	91,600	135,000	43,400	47.4%
Other Expenses	15,000	49,000	34,000	226.7%
<b>Contracts &amp; Materials</b>	<b>3,799,400</b>	<b>4,336,100</b>	<b>536,700</b>	<b>14.1%</b>
<b>Total Expenses</b>	<b>\$ 4,370,500</b>	<b>\$ 4,977,600</b>	<b>\$ 607,100</b>	<b>13.9%</b>
<b>Revenues over Expenses</b>	<b>\$ (787,500)</b>	<b>\$ (1,910,600)</b>	<b>\$ (1,123,100)</b>	<b>142.6%</b>
<b>Ending Cash Balance</b>	<b>\$ 18,745,369</b>	<b>\$ 16,834,769</b>	<b>\$ (1,910,600)</b>	<b>-10.2%</b>

### 2022 Program Budget Highlights & Special Issues

- An internal borrowing occurred in 2019 and two principal payments were made in 2020, elevating the 2021 beginning cash balance. There will be no principal payment in 2021.
- As part of a multiyear plan to reduce the cash balance in the fund, the transfer rate has been reduced in 2022, from 2.5% to 2.0%.
- Personnel costs are higher as the fund is sharing 30% of the cost of the Office Manager position.
- BWC Claims are projected to increase over 16% as a result of higher fire fighter cancer claims.
- Professional Services reflect inflationary increases.
- The Supplies budget covers safety shoe and other safety programs.
- The cash burn rate more than doubles between 2021 and 2022, from \$787,000 to \$1.9 million.
- The projected 2022 year-end balance is \$16.8 million.

# Internal Service Funds

## Source & Uses by Program Area

Health Insurance Fund				
Estimated Sources	2021 Projection	2022 Proposed Budget	\$ Chg.	% Chg.
Beginning Cash Balance	15,297,656	13,196,656	(2,101,000)	-13.7%
Revenue	23,567,200	25,123,400	1,556,200	6.6%
<b>Total Sources &amp; Cash Balance</b>	<b>\$ 38,864,856</b>	<b>\$ 38,320,056</b>	<b>\$ (544,800)</b>	<b>-1.4%</b>
<b>Estimated/Budgeted Expenses</b>				
<b>Personnel Costs</b>	<b>278,400</b>	<b>365,100</b>	<b>86,700</b>	<b>31.1%</b>
Wellness Incentives	71,300	300,000	228,700	320.8%
Insurance Claims	27,031,800	32,788,700	5,756,900	21.3%
Offset: Est. Claims Credits	(2,900,000)	(3,300,000)	(400,000)	13.8%
Clinic Claims	1,088,600	1,195,400	106,800	9.8%
Professional Services	50,000	848,000	798,000	1596.0%
Other Expenses	119,400	279,000	159,600	133.7%
<b>Contracts &amp; Materials</b>	<b>25,389,800</b>	<b>31,811,100</b>	<b>6,421,300</b>	<b>25.3%</b>
<b>Total Expenses</b>	<b>\$ 25,668,200</b>	<b>\$ 32,176,200</b>	<b>\$ 6,508,000</b>	<b>25.4%</b>
<b>Revenues over Expenses</b>	<b>\$ (2,101,000)</b>	<b>\$ (7,052,800)</b>	<b>\$ (4,951,800)</b>	<b>235.7%</b>
<b>Ending Cash Balance</b>	<b>\$ 13,196,656</b>	<b>\$ 6,143,856</b>	<b>\$ (7,052,800)</b>	<b>-53.4%</b>

### 2022 Program Budget Highlights & Special Issues

- The cash balance is elevated due to pandemic-related postponement of health care services.
- 2022 revenues are projected to increase 6.6% based on a 4% transfer rate and a 25% increase in the employee's monthly contribution.
- Personnel costs are higher as the fund is sharing 30% of the cost of the Office Manager position.
- Wellness Incentives are projected at a higher level in 2022 based on a rebound in health care usage.
- Insurance Claims are projected to grow over 20% after stagnating in 2020 and 2021 from the pandemic.
- Professional Services reflect a significant increase of \$798,000 largely due to COVID-19 testing.
- The 2022 Budget assumes one health insurance holiday. This will be adjusted to reflect recent collective bargaining agreements.
- The projected 2022 year-end balance of \$6.1 million falls within our actuary target of 1.5 to 2.0 times the actuarial amount, or \$5.1 million to \$6.8 million.