
Division of Financial Management

Budget Office Report

This report summarizes a due diligence review with departments of line item compliance with budget guidelines. Budget amounts submitted by departments have been revised based upon negotiations between the department and the Budget Office.

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**GENERAL FUND – Accounting, Budget, Collections, Special Projects, Treasury
(excluding Contract Services and Intergovernmental)**

DFM – General Fund	FY 2002a	FY2003r	FY 2004b	FY 2005b
Revenues	\$822	\$883	\$925	\$948
Expenditures	\$1,648	\$1,831	\$1,820	\$1,832
NET FUND SUPPORT	\$826	\$948	\$894	\$883
% Change	35%	15%	-6%	-1%

Revenues

DFM's main source of revenue is indirect reimbursement for services provided to other departments. Other revenues include ATM user fees, direct copier charges, direct salary reimbursement.

Revenues (000's)	FY 2002a	FY2003r	FY 2004b	FY 2005b
Indirect Reimbursement	\$670	\$727	\$773	\$796
Other Revenues	\$152	\$156	\$152	\$152
TOTAL REVENUES	\$822	\$883	\$925	\$948
% Change	-9%	7%	5%	3%

Personnel Costs

In May 2003, DFM has 24.0 approved FTE's. The total personnel budget for FY 2004 is \$1,451,705 and for FY 2005 is \$1,453,373.

Increases in FY 2002 and FY 2003 were due to adding 3.0 and 1.0 FTE's, respectively. In FY 2002, a Budget Advisor was added in the Budget Office, and two Collections Officers were added to the Collections staff in Treasury. In FY 2003, a Senior Accounting Specialist was transferred from Parking Control to Treasury as part of Treasury's move to City Hall #2.

Personnel (000's)	FY 2002a	FY2003r	FY 2004b	FY 2005b
Salaries	\$975	\$1,088	\$1,090	\$1,090
Health	\$135	\$149	\$158	\$158
Life & LTD	\$6	\$6	\$3	\$3
Other Personnel Costs	\$178	\$201	\$202	\$203
TOTAL PERSONNEL	\$1,294	\$1,445	\$1,452	\$1,453
% Change	8%	12%	0.5%	0%

Key Personnel Accounts

- 1) Health: The budget reflects a 6% increase (\$8,400) in FY 2004 over FY 2003 due to the increased health plan costs.
- 2) New life and long-term disability plan effective May 2003 will result in annual savings of about \$3,100.

Issue

- **98% budgeting** – Salaries and benefits are budgeted at the 98% level because most departments have enough annual turnover to generate 2% of savings. Departments are required to find the 2% savings within their budgets. Accounting and Special Projects generally do not have turnover; so to make the 2% savings M&O expenses must be deferred. In these small budgets, most expenses are required to maintain service; therefore, accomplishing the savings is difficult. In FY 2003 the 2% savings required is \$26,000, which is covered by \$21,500 savings from vacancies in Treasury and \$4,500 of M&O holdbacks.
- **Jefferson Wells audit** – The Jefferson Wells audit brought to light the need for additional analysis of actual departments' spending and budget to actual variance. Without additional staffing, this creates a strain on the Accounting department to find staff time to get the analysis completed.

M&O

Total M&O for FY 2004 and FY 2005 is \$347,671 and \$360,007, respectively. This represents an approximate 4% increase over FY 2002 actual and 6% decrease from the FY 2003 revised budget. Costs for professional services, banking fees, and postage have been gradually increasing.

The 4% increase over FY 2002 is due to increases in IT computer service direct charges to DFM, Treasury's bank services fees (explained below), and Collection's postage

Below are other key cost accounts.

M&O (000's)	FY 2002a	FY2003r	FY 2004b	FY 2005b
Professional Service	\$75	\$71	\$72	\$74
Bank Service Fee	\$54	\$51	\$67	\$67
Other Service	\$46	\$39	\$47	\$47
Computer Service (IT)	\$21	\$24	\$28	\$28
Postage	\$22	\$24	\$25	\$25
Insurance	\$24	\$28	\$24	\$27
Other M&O Accounts	\$91	\$126	\$85	\$92
TOTAL M&O	\$333	\$363	\$348	\$360
% Change	-28%	11%	-6%	4%

Key M&O Accounts

- 1) Professional Services – Accounting uses professional services for the annual financial audit.

- 2) Bank Service Fee – Bank service fees for FY 2003 are down due to lower usage. Lower interest rates required Treasury to change its overnight banking procedure. The banking fees incurred were greater than the interest earned, so Treasury changed the frequency of the overnight sweep. This resulted in lower bank service fees and, in turn, lowers interest revenues.
- 3) Other Services – Treasury uses other services to cover armored car services for Airport, Parking Control, and Parks and annual software maintenance contracts.

Equipment

The largest equipment category for DFM is computer equipment.

For both FY 2004 and FY 2005, DFM has used its entire equipment target to fund its ongoing computer equipment replacement schedule - FY 2004 \$20,240 and FY 2005 \$18,600. To fit within the target, DFM has extended its replacement schedule for PC's (from 3 to 4 years), laptops (from 3 to 4 years), and printer (from 3 to 5 years). In some cases PC's are not scheduled to be replaced for five years.

Two software upgrades for Treasury did not fit into the equipment target. Quadrant is a DOS based cashiering software package used by Treasury and Parking Control at the City Hall front counter. The \$7,500 upgrade would make the program more user friendly and operators tasks more efficient.

The other is the Collections software package. The current software package was purchased when the Collections unit was first created. In the last six years the Collections has increased service to City departments, and, in turn, has outgrown the software package. Meridian and Garden City have approached Boise City Collections about contracting for collection of their fines, which would increase revenues for Boise City. An upgrade in software is key to Collections being able to expand and provide service to these other cities. The cost of the upgrade is estimated at \$70,000.

Risk Management Fund – Risk, Insurance, Safety

Risk Management Fund	FY 2002a	FY2003r	FY 2004b	FY 2005b
Revenues	\$1,753	\$1,866	\$1,982	\$2,192
Expenditures	\$1,501	\$1,777	\$1,981	\$2,189
NET	\$251	\$89	\$1	\$3
% Change	-62%	-65%	-99%	435%

Revenues

In general, Risk Management’s revenues are from direct reimbursement for insurance premiums, safety training, and personnel costs, the sale of safety supplies, and interest income on investments.

Revenues (000’s)	FY 2002a	FY2003r	FY 2004b	FY 2005b
Direct Reimbursement	\$1,437	\$1,746	\$1,842	\$2,023
Other Revenues	\$316	\$120	\$139	\$169
TOTAL REVENUES	\$1,753	\$1,866	\$1,982	\$2,192
% Change	-14%	6%	6%	11%

Key Revenue Accounts

- 1) Direct Reimbursement – City departments pay Risk Management direct reimbursements to cover the expenses of managing the property and liability self-insurance plan and the safety program. Direct reimbursement revenue is up in correlation with the increased cost of insurance.

Personnel Costs

In May 2003, Risk Management has 5.0 approved FTE’s including one pilot position for the security program. The pilot position sunsets at the end of FY 2003, unless City Council approves it as part of the proposed security plan. The FY 2004 and FY 2005 base personnel budget reflects the elimination of this position. The total personnel budget for FY 2004 is \$220,227 and for FY 2005 is \$220,479.

The 44% increase in personnel costs from FY 2001 to FY 2002 is due to the transfer of a Safety and Training Officer from Public Works to Risk Management, and the addition of the pilot Programs Analyst to Risk Management.

Personnel (000’s)	FY 2002a	FY2003r	FY 2004b	FY 2005b
Salaries	\$183	\$185	\$162	\$162
Health	\$31	\$35	\$28	\$28
Other Personnel Costs	\$42	\$44	\$30	\$30
TOTAL PERSONNEL	\$256	\$264	\$220	\$220
% Change	44%	4%	-17%	0%

Issue

- **Security** – Risk Management is proposing a security plan as part of the budget plan. If the proposal is approved by City Council, personnel costs may increase.

M&O

Total M&O for FY 2004 and FY 2005 is \$1,749,714 and \$1,957,600, respectively. This represents an approximate 43% increase over FY 2002 actual and a 19% increase from the FY 2003 revised budget.

Risk Management's greatest expenses are for the property and liability self-insurance program. Due to changes in the insurance market related to 9/11 and the increased risk of other national and global events, insurance costs have increased significantly in the last two years. In addition the actuarial estimate of required claims reserve has also increased in correlation with the increases in insurance premiums and anticipated increases in risk.

Below are other key cost accounts.

M&O (000's)	FY 2002a	FY2003r	FY 2004b	FY 2005b
Self Insurance	\$440	\$450	\$654	\$694
Insurance	\$182	\$240	\$330	\$396
Liability Insurance	\$198	\$248	\$325	\$417
Indirect Cost Reimbursement	\$171	\$206	\$192	\$198
Insurance Loss	\$31	\$74	\$70	\$70
Insurance Claims	\$64	\$56	\$69	\$73
Insurance Broker	\$35	\$35	\$36	\$36
Other Service	\$34	\$34	34	\$34
Other M&O Accounts	\$66	\$135	\$40	\$40
TOTAL M&O	\$1,220	\$1,476	\$1,750	\$1,958
% Change	3%	21%	19%	12%

Key M&O Accounts

- 1) Self Insurance – This is the amount the actuary estimates that Boise City will need to set aside for claims incurred in the given fiscal year. This becomes part of the fund balance earmarked to pay claims for a particular fiscal year.
- 2) Insurance and Liability Insurance – Premiums Boise City pays for property and liability insurance. As mentioned above, these costs have increase significantly in the last 2-3 years. Risk management based the FY 2004 and FY 2005 budget on preliminary estimates from the insurance agents. These estimates should represent the worst-case scenario, and will be adjusted down as needed when the actual costs are finalized at renewal in September. If the premiums are less, the direct reimbursement charges to departments will also decrease.
- 3) Other M&O – Other M&O is 105% higher in FY 2003 over FY 2002 due to \$70,000 being allocated to professional services for the Security master plan.

Equipment

Risk Management's equipment includes a vehicle and computer equipment.

In FY 2004, Risk Management is requesting a fax machine for \$350, which leaves it under its equipment target of \$2,700. In FY 2005, Risk is requesting replacement of a laptop and a vehicle. The vehicle does not fit into the \$2,700 equipment target.

Worker's Compensation Fund – Worker's Compensation

Worker's Compensation Fund	FY 2002a	FY2003r	FY 2004b	FY 2005b
Revenues	\$1,383	\$1,481	\$1,482	\$1,630
Expenditures	\$1,189	\$1,299	\$1,483	\$1,842
NET	\$193	\$182	-\$1	-\$212
% Change	19%	-6%	-101%	15,485%

Revenues

In general, Worker's Compensation revenues are from direct reimbursement for insurance premiums, worker's compensation training, and personnel costs and interest income on investments.

Revenues (000's)	FY 2002a	FY2003r	FY 2004b	FY 2005b
Direct Reimbursement	\$1,345	\$1,412	\$1,482	\$1,630
Other Revenues	\$38	\$69	\$0	\$0
TOTAL REVENUES	\$1,383	\$1,481	\$1,482	\$1,630
% Change	13%	7%	0%	10%

Key Revenue Accounts

- 1) Direct Reimbursement – City departments pay Worker's Compensation direct reimbursements to cover the expenses of managing the worker's compensation self-insurance plan and the training program. Direct reimbursement revenue is up in correlation with the increased cost of insurance.

Personnel Costs

In May 2003, Worker's Compensation has 1.0 approved FTE. The total personnel budget for FY 2004 is \$63,432 and for FY 2005 is \$63,511.

Personnel (000's)	FY 2002a	FY2003r	FY 2004b	FY 2005b
Salaries	\$49	\$51	\$51	\$51
Health	\$3	\$3	\$3	\$3
Other Personnel Costs	\$12	\$9	\$9	\$9
TOTAL PERSONNEL	\$64	\$64	\$64	\$64
% Change	29%	0%	0%	0%

The 29% increase from FY 2001 to FY 2002 is due to the Worker's Compensation position being vacant for part of FY 2001.

M&O

Total M&O for FY 2004 and FY 2005 is \$1,419,962 and \$1,779,300, respectively. This represents an approximate 26% increase over FY 2002 actual and a 15% increase from the FY 2003 revised budget.

Worker's Compensation's greatest expenses are for the worker's compensation self-insurance program. Due to changes in the insurance market related to 9/11 and other increased risks, insurance costs have increased significantly in the last two years. In addition the actuarial estimate of required claims reserve has also increased in correlation with the increases in insurance premiums and anticipated increases in risk.

Below are other key cost accounts.

M&O (000's)	FY 2002a	FY2003r	FY 2004b	FY 2005b
Self Insurance	\$872	\$984	\$1,101	\$1,387
WC Reinsurance	\$83	\$83	\$124	\$186
Insurance Claims Mgmt	\$91	\$85	\$98	\$102
Self Insurer's Tax	\$28	\$26	\$35	\$39
Second Injury Fund Levy	\$13	\$13	\$17	\$19
Indirect Cost Reimbursement	\$13	\$18	\$15	\$16
Other M&O Accounts	\$25	\$26	\$30	\$29
TOTAL M&O	\$1,125	\$1,234	\$1,420	\$1,779
% Change	12%	6%	-4%	1%

Key M&O Accounts

- 1) Self Insurance – This is the amount the actuary estimates that Boise City will need to set aside for claims incurred in the given fiscal year. This becomes part of the fund balance earmarked to pay claims for a particular fiscal year.

Equipment

Worker's Compensation's equipment includes a vehicle and computer equipment.

Worker's Compensation did not request any equipment in FY 2004 or FY 2005.