

From: Eric Duthie, Hildale City Manager
To: Hildale City Council; Hildale City Mayor
Date: July 11, 2023
Subject: FY23 General Fund Budget expenditure overage

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The final FY23 Revenue/Expenditure compared to budget report has been printed, reviewed, and distributed in the Council packet. The complete budget is well in carryover (revenues over expenditures) for FY23. However, the General Fund (which addresses everything in City service except Utilities/Enterprise Funds (Water/Wastewater/Natural and Propane Gas/Fiber) indicates an over expenditure of \$ 601,020.

Although this is a significant, at first glance, research identified several areas which eliminate most of the deficit for the following reasons:

FY23 Revenue/Expenditure compared to budget report General Fund	\$ 601,020
FY23 State Taxes "On Hold" awaiting submission of the FY22 Audit	-\$130,075
General Ledger service/equipment miscodes to GF, instead of Utilities	-\$107,837
General Ledger salary/taxes/benefits misallocated to GF, instead of Utilities	-\$141,781
TOCC underbilling of payroll for FY22	<u>-\$ 80,155</u>
GF actual overage Subtotal	\$ 140,872

The remaining deficit of \$140,872 is comprised of a variety of projects including the following:

- ✓ Maxwell Park restrooms emergency roofing repair and upgrades, firepits, benches, and ADA access and paths.
- ✓ Information and technology system upgrades.
- ✓ Emergency roof repairs to the building housing the Innovation Center.
- ✓ Water fund expense for Hildale specific improvements.
- ✓ And others.

I spoke with the Auditing team supervisor late last week and he believed the report will be completed before the end of July. On July 1, 2021, the Capital Project Fund (undesignated GF reserves) was **\$522,469**.

The July 1, 2022, Capital Project balance will not be known until the completion of the FY22 Audit report. However, it is anticipated the Capital Projects Fund will cover the projected FY23 General Fund deficit listed above.

This memo is provided as explanation of the true deficit. A FY23 budget amendment will be prepared for Council action upon receiving the final audit report.