



PHOENIXIDA

Item 3



MEMORANDUM

DATE: September 8, 2022

TO: Members, Executive Committee

FROM: Breeann Adelman, Board Treasurer

SUBJECT: Operating Budget for Fiscal Year 2023

The proposed summary budget for FY 2023 projects a net Administrative Fund increase of approximately \$387,400 on total revenues of \$4,106,400 (\$2,650,600 operating, \$158,000 non-operating & \$297,800 from allocated one-time assessment fees) with expenses of \$2,718,850 (after adjusting for Community Development Fund awards). Each of the material variances from last year's budget are presented below.

Budgeted User Assessment fees (ongoing issuer fees) are expected to increase \$10,000 due the netting of expected new business and regular redemptions. The budget for residential mortgage program revenues is decreased by \$400,000 due to the slowdown in housing market and by the limited stock of available homes in the price range of our homebuyers. Interest income is projected to increase \$48,000 from the prior year due to increases in interest rates available for investments.

The proposed budget includes an increase of approximately \$135,000 for General and Administrative expenses, for increased rent for additional space and higher payroll costs. Other Program expenses are decreased by a net of \$91,000 for expected cost reductions. The budget for Community Development Fund awards is decreased by \$2,714,000. This amount includes allocation of \$330,000 from ongoing non-Arizona bond transactions. The total allocation for the Community Development Fund would be \$4,115,765, however the budgeted amount of \$2,500,000 reflects projected actual grants and awards. No other material changes are reflected in the expense budget.

The proposed FY 2023 budget was reviewed in detail with me. I am recommending approval by the Board of Directors of the proposed FY 2023 budget, including the 3-year operating expense reserve that increases by \$425,000 and the \$330,000 increase to the Community Development Fund from ongoing non-Arizona bond transactions.

Phoenix IDA
Detail Operating Budget FY 2023
as of March 31, 2022

Account	FY 2021 Actual	FY 2022 Budget	FY 2022 Estimated	FY 2023 Budget	Increase/ (Decrease)	Explanation
Revenue						
2 User Assessment Fees						
40000 Assessment Fees	863,353.79	840,000.00	1,168,400.00	850,000.00	10,000.00	see Separate schedule
40530 Assessment Fees, non-AZ	0.00	0.00	1,104,000.00	0.00	0.00	
Total 2 User Assessment Fees	\$ 863,353.79	\$ 840,000.00	\$ 2,272,400.00	\$ 850,000.00	\$ 10,000.00	
3 Residential Mortgage Program Fees						
40410 Residential Mortgage Programs						
40411 Lender Fees	7,000.00	0.00	7,000.00	0.00	0.00	
40412 Home in Five Program Fees	1,910,710.02	720,000.00	2,615,000.00	480,000.00	(240,000.00)	Interest rate increases affecting volume
40413 HFA Preferred Program Fees	973,080.18	480,000.00	1,083,000.00	320,000.00	(160,000.00)	Interest rate increases affecting volume
Total 40410 Residential Mortgage Programs	\$ 2,890,790.20	\$ 1,200,000.00	\$ 3,705,000.00	\$ 800,000.00	\$ (400,000.00)	
Total 3 Residential Mortgage Program Fees	\$ 2,890,790.20	\$ 1,200,000.00	\$ 3,705,000.00	\$ 800,000.00	\$ (400,000.00)	
4 Fee Income						
40200 Application/Extension Fees	0.00	6,000.00	30,000.00	6,000.00	0.00	2 new applications
40250 Loan Fees	43,595.00	0.00	0.00	0.00	0.00	
40400 Closing Fees	15,679.00	4,600.00	11,560.00	4,600.00	0.00	2 closings with fee
40500 Other Fee Income						
40525 Management Fee Income	600,000.00	900,000.00	990,000.00	990,000.00	90,000.00	PCDIC & ACF fees - \$82,500 per month
Total 40500 Other Fee Income	\$ 600,000.00	\$ 900,000.00	\$ 990,000.00	\$ 990,000.00	\$ 90,000.00	
Total 4 Fee Income	\$ 659,274.00	\$ 910,600.00	\$ 1,031,560.00	\$ 1,000,600.00	\$ 90,000.00	
Total Revenue	\$ 4,413,417.99	\$ 2,950,600.00	\$ 7,008,960.00	\$ 2,650,600.00	\$ (300,000.00)	
Gross Profit	\$ 4,413,417.99	\$ 2,950,600.00	\$ 7,008,960.00	\$ 2,650,600.00	\$ (300,000.00)	
Expenses						
11 General and Administration						
60000 Accounting Services	\$ 4,345.45	\$ 6,000.00	\$ 4,875.00	\$ 6,000.00	\$ 0.00	
60100 Administration						
60105 Other Miscellaneous Service Cost	2,036.32	48,000.00	4,400.00	48,000.00	0.00	
60106 Human Resources	19,316.20	40,000.00	15,000.00	40,000.00	0.00	
Total 60100 Administration	\$ 21,352.52	\$ 88,000.00	\$ 19,400.00	\$ 88,000.00	\$ 0.00	
60200 Audit						
60201 Audit Fee	16,800.00	18,000.00	17,300.00	20,000.00	2,000.00	Increased costs anticipated
60202 Accounting Fee	0.00	1,000.00	0.00	1,000.00	0.00	
60203 Legal Fees	0.00	2,500.00	0.00	2,500.00	0.00	
Total 60200 Audit	\$ 16,800.00	\$ 21,500.00	\$ 17,300.00	\$ 23,500.00	\$ 2,000.00	
60300 Board of Directors						
60301 Legal	42,000.00	43,500.00	37,300.00	43,500.00	0.00	
60302 Other Board	65.00	5,000.00	560.00	5,000.00	0.00	
60304 Seminars/Education	0.00	4,000.00	0.00	4,000.00	0.00	2 board members at non-AZ conferences
Total 60300 Board of Directors	\$ 42,065.00	\$ 52,500.00	\$ 37,860.00	\$ 52,500.00	\$ 0.00	
60600 Director and Officer Insurance						
60601 Annual Insurance	25,157.17	32,000.00	32,000.00	34,800.00	2,800.00	\$32,000 + \$800 (GL) + possible increase
Total 60600 Director and Officer Insurance	\$ 25,157.17	\$ 32,000.00	\$ 32,000.00	\$ 34,800.00	\$ 2,800.00	

Phoenix IDA
Detail Operating Budget FY 2023
as of March 31, 2022

Account	FY 2021 Actual	FY 2022 Budget	FY 2022 Estimated	FY 2023 Budget	Increase/ (Decrease)	Explanation
60700 General Expense-Operating						
60701 Office Rent	0.00	18,000.00	34,000.00	54,000.00	36,000.00	\$4,500 per month
60704 Bank Charges	2,770.00	400.00	2,000.00	2,000.00	1,600.00	Match to estimate
60705 Copier	504.13	0.00	0.00	0.00	0.00	No longer needed
60708 Dues and Subscriptions	1,179.31	1,000.00	1,000.00	1,000.00	0.00	
60710 Mileage and Parking	0.00	400.00	0.00	400.00	0.00	
60712 Equipment	7,508.93	50,000.00	26,000.00	50,000.00	0.00	
60715 Office Supplies, postage	6,018.67	10,000.00	8,600.00	10,000.00	0.00	
60725 Telephone	952.28	500.00	600.00	500.00	0.00	
60726 Records Storage	1,174.74	6,700.00	5,500.00	6,700.00	0.00	
60727 Property Expense	521.28	0.00	2,300.00	2,300.00	2,300.00	Match to estimate
60730 Other General	994.00	5,000.00	5,000.00	5,000.00	0.00	
Total 60700 General Expense-Operating	\$ 21,623.34	\$ 92,000.00	\$ 85,000.00	\$ 131,900.00	\$ 39,900.00	
61140 Legislative Affairs						
61141 Professional Services	0.00	0.00	0.00		0.00	Eliminated FY 2021
Total 61140 Legislative Affairs	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	
62000 Salaries and Wages						
62002 Employees	1,079,193.61	1,110,000.00	1,015,000.00	1,200,000.00	90,000.00	
Total 62000 Salaries and Wages	\$ 1,079,193.61	\$ 1,110,000.00	\$ 1,015,000.00	\$ 1,200,000.00	\$ 90,000.00	
63000 Staff Development	\$ 2,161.25	\$ 16,000.00	\$ 12,800.00	\$ 16,000.00	\$ 0.00	
64000 Technology						
64001 Maintenance	0.00	500.00	0.00	500.00	0.00	
64002 Upgrades and Other Service	29,640.74	35,000.00	42,000.00	35,000.00	0.00	
64003 Other	0.00	9,500.00	0.00	9,500.00	0.00	
Total 64000 Technology	\$ 29,640.74	\$ 45,000.00	\$ 42,000.00	\$ 45,000.00	\$ 0.00	
Total 11 General and Administration	\$ 1,242,339.08	\$ 1,463,000.00	\$ 1,266,235.00	\$ 1,597,700.00	\$ 134,700.00	
12 Bond Administration						
60400 Bond Administration - general						
60404 Legal Services	0.00	2,500.00	0.00	2,500.00	0.00	
60405 Regulatory Compliance	0.00	2,000.00	0.00	2,000.00	0.00	
60406 Other	91.00	2,000.00	0.00	2,000.00	0.00	
Total 60400 Bond Administration - general	\$ 91.00	\$ 6,500.00	\$ 0.00	\$ 6,500.00	\$ 0.00	
60500 Bond Administration-Single Family						
60502 Legal Services	0.00	2,500.00	0.00	2,500.00	0.00	
60503 MCC Administration	0.00	500.00	0.00	500.00	0.00	
60508 SF Other	(37.74)	500.00	0.00	500.00	0.00	
Total 60500 Bond Administration-Single Family	\$ (37.74)	\$ 3,500.00	\$ 0.00	\$ 3,500.00	\$ 0.00	
Total 12 Bond Administration	\$ 53.26	\$ 10,000.00	\$ 0.00	\$ 10,000.00	\$ 0.00	
13 Other Programs						
61130 Home in Five Advantage Program						
61131 Professional Services	5,075.80	27,750.00	1,000.00	27,750.00	0.00	
61132 Legal Services	9,468.11	30,000.00	9,000.00	30,000.00	0.00	
61139 Other HIF	543.69	2,500.00	800.00	2,500.00	0.00	

Phoenix IDA
Detail Operating Budget FY 2023
as of March 31, 2022

Account	FY 2021 Actual	FY 2022 Budget	FY 2022 Estimated	FY 2023 Budget	Increase/ (Decrease)	Explanation
Total 61130 Home in Five Advantage Program	\$ 15,087.60	\$ 60,250.00	\$ 10,800.00	\$ 60,250.00	\$ 0.00	
61160 Lend a Hand Program						
61161 Credit Counseling	200.00	0.00	0.00	0.00	0.00	
61162 Loan Loss Reserve	253.17	0.00	1,500.00	0.00	0.00	
61169 Other	(1,702.50)	0.00	0.00	0.00	0.00	
Total 61160 Lend a Hand Program	\$ (1,249.33)	\$ 0.00	\$ 1,500.00	\$ 0.00	\$ 0.00	Ending program
61170 Program Management						
61171 Professional Services	(26,750.00)	0.00	1,500.00	0.00	0.00	
61172 Legal Services	0.00	0.00	0.00	0.00	0.00	
61173 Salaries & Benefits	504,000.00	780,000.00	780,000.00	780,000.00	0.00	\$65,000 per month
61179 Other	202.02	96,000.00	1,000.00	500,000.00%	(91,000.00)	Reduced
Total 61170 Program Management	\$ 477,452.02	\$ 876,000.00	\$ 782,500.00	\$ 785,000.00	\$ (91,000.00)	PCDIC Allocated Expenses offset by Fees
Total 13 Other Programs	\$ 491,290.29	\$ 936,250.00	\$ 794,800.00	\$ 845,250.00	\$ (91,000.00)	
14 Community Development Fund						
66000 Community Development Fund						
66003 CDF - Awards	0.00	2,000,000.00	682,500.00	1,365,000.00	(635,000.00)	Two grant cycles
66004 Other CDF Awards	5,054,780.01	3,214,000.00	745,000.00	1,135,000.00	(2,079,000.00)	FY 2022 \$ + \$390,000 Health Care Initiative
Total 66000 Community Development Fund	\$ 5,054,780.01	\$ 5,214,000.00	\$ 1,427,500.00	\$ 2,500,000.00	\$ (2,714,000.00)	
Total 14 Community Development Fund	\$ 5,054,780.01	\$ 5,214,000.00	\$ 1,427,500.00	\$ 2,500,000.00	\$ (2,714,000.00)	
15 Program and Project Development						
60900 Program Development						
60906 Other Program	42,819.86	60,000.00	42,000.00	60,000.00	0.00	
Total 60900 Program Development	\$ 42,819.86	\$ 60,000.00	\$ 42,000.00	\$ 60,000.00	\$ 0.00	
61000 Project Development						
61005 Other Project	26,997.13	45,000.00	307,000.00	45,000.00	0.00	
Total 61000 Project Development	\$ 26,997.13	\$ 45,000.00	\$ 307,000.00	\$ 45,000.00	\$ 0.00	
61100 Business Development						
61101 Professional Services	2,145.75	30,000.00	2,200.00	30,000.00	0.00	
61102 Tables and Events	32,600.00	100,000.00	59,000.00	100,000.00	0.00	
61103 Memberships	4,920.00	8,000.00	3,300.00	8,000.00	0.00	
61109 Other Business Development	500.00	8,500.00	0.00	8,500.00	0.00	
Total 61100 Business Development	\$ 40,165.75	\$ 146,500.00	\$ 64,500.00	\$ 146,500.00	\$ 0.00	
Total 15 Program and Project Development	\$ 109,982.74	\$ 251,500.00	\$ 413,500.00	\$ 251,500.00	\$ 0.00	
16 Loan Portfolio Administration						
60800 Loan Portfolio						
60801 Legal Services	2,079.00	5,000.00	0.00	5,000.00	0.00	
60802 Professional Services	0.00	8,000.00	0.00	8,000.00	0.00	
60809 Other	0.00	1,500.00	0.00	1,500.00	0.00	
Total 60800 Loan Portfolio	\$ 2,079.00	\$ 14,500.00	\$ 0.00	\$ 14,500.00	\$ 0.00	
Total 16 Loan Portfolio Administration	\$ 2,079.00	\$ 14,500.00	\$ 0.00	\$ 14,500.00	\$ 0.00	
Total Expenses	\$ 6,900,524.38	\$ 7,889,250.00	\$ 3,902,035.00	\$ 5,218,950.00	\$ (2,670,300.00)	
Expenses excluded for 3 Year Operating Expense Reserve	\$ 5,585,736.05	\$ 6,288,250.00	\$ 2,286,800.00	\$ 3,483,250.00	\$ (2,805,000.00)	
Total operating expenses	\$ 1,314,788.33	\$ 1,601,000.00	\$ 1,615,235.00	\$ 1,735,700.00	\$ 134,700.00	

Phoenix IDA
Detail Operating Budget FY 2023
as of March 31, 2022

Account	FY 2021 Actual	FY 2022 Budget	FY 2022 Estimated	FY 2023 Budget	Increase/ (Decrease)	Explanation
Net Operating Income	\$ 3,098,629.66	\$ 1,349,600.00	\$ 5,393,725.00	\$ 914,900.00	\$ (434,700.00)	
Other Income						
Non-Operating Income						
40300 Interest Income						
40302 Interest from Loans	185,627.10	42,000.00	35,000.00	24,000.00	(18,000.00)	see Separate schedule
40303 Interest - Bank	141,776.55	68,000.00	70,000.00	134,000.00	66,000.00	see Separate schedule
Total 40300 Interest Income	\$ 327,403.65	\$ 110,000.00	\$ 105,000.00	\$ 158,000.00	\$ 48,000.00	
40590 Recovery on Collections			410,740.66			
40600 Net Increase (Decrease) in the Fair Value of Investments						
40610 Fair Market Value Increase(decrease)	51,404.02	0.00	(641,900.00)	0.00	0.00	
Total 40600 Net Increase (Decrease) in the Fair Value of Investments	\$ 51,404.02	\$ 0.00	\$ (641,900.00)	\$ 0.00	\$ 0.00	
40630 Gain on Sale/Disposal of Asset	716,666.70	0.00	0.00	0.00	0.00	
Total Non-Operating Income	\$ 1,095,474.37	\$ 110,000.00	\$ (126,159.34)	\$ 158,000.00	\$ 48,000.00	
Total Other Income	\$ 1,095,474.37	\$ 110,000.00	\$ (126,159.34)	\$ 158,000.00	\$ 48,000.00	
Other Expenses						
65000 Bad Debt Expense	0.00	0.00	0.00	0.00	0.00	
Total Other Expenses	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	
Net Other Income	\$ 1,095,474.37	\$ 110,000.00	\$ (126,159.34)	\$ 158,000.00	\$ 48,000.00	
Net Position	\$ (1,391,632.02)	\$ (4,828,650.00)	\$ 2,980,765.66	\$ (2,410,350.00)	\$ 2,418,300.00	Total Revenue - Total Expenses + Net Other Inc
Community Development Fund Awards	5,054,780.01	5,214,000.00	1,427,500.00	2,500,000.00	(2,714,000.00)	
One-time Assessment Fees, allocated over 10 years	202,200.00	217,200.00	263,900.00	297,800.00	80,600.00	see Separate schedule
Adjusted Net Position	\$ 3,865,347.99	\$ 602,550.00	\$ 4,672,165.66	\$ 387,450.00	\$ (215,100.00)	
Transfer to Community Impact Investment Fund						
Balance to Administrative Fund	\$ 3,865,347.99	\$ 602,550.00	\$ 4,672,165.66	\$ 387,450.00	\$ (215,100.00)	