



MEMORANDUM

DATE: 19 March 2024

TO: Mallory Merritt, Interim City Administrator/CFO

FROM: Matthew Cullinan, Management Analyst II

RE: FY 2024 Monthly Financial Update – Through January 2024

Below is a summary report of the City’s main operating funds as of January 31, 2024 for FY 2024. Information is provided for the General Fund, Trust & Agency Fund, Local Option Sales Tax Fund, and Employee Health Fund. As the year advances, projections are expected to continue to stabilize.

General Fund Expenditures

As of the end of January, General Fund operating departments ended below expected spending levels. With 58.3% of the year completed, 56.3% of overall budgeted expenditures have been spent. Payroll costs, which are the main driver of the General Fund, are at 55.4% of budgeted levels, which is slightly below the expected level of 55.7%.

OVERALL DEPARTMENT BUDGET SUMMARY			
Department	Budget	YTD	%
City Council	337,783	189,445	56.1%
Mayor's Office	131,471	53,584	40.8%
Finance	1,693,260	1,000,137	59.1%
Administration	942,179	520,803	55.3%
Information Technologies	-	(91,625)	-
Human Resources	827,600	455,702	55.1%
Comm. & Econ. Dev.	1,232,186	374,561	30.4%
Civil Rights	442,367	200,825	45.4%
Dev. & Nbhd. Svc. Dept.	2,210,913	1,141,664	51.6%
Public Works	3,572,384	1,935,398	54.2%
Police Department	20,873,717	12,106,852	58.0%
Fire Department	14,295,621	8,518,642	59.6%
Parks & Recreation	4,511,074	2,371,283	52.6%
Library	2,680,966	1,500,863	56.0%
Total	53,751,521	30,278,134	56.3%

OVERTIME SUMMARY			
Department	Budget	YTD	%
Finance	2,600	10	0.4%
Human Resources	200	58	29.0%
CED	-	89	N/A
DNSD	2,000	13,311	665.6%
Public Works	72,500	39,449	54.4%
Police	570,858	271,061	47.5%
Fire	311,100	421,049	135.3%
Parks	29,500	22,657	76.8%
Library	5,135	650	12.7%
Total	993,893	768,334	77.3%

There are currently no departments with a variance of more than 3.0% above the expected expenditure rate of 58.3%. There are five departments currently 5.0% or more below the expected expenditure rate: Mayor’s Office (40.8%), Community and Economic Development (30.4%), Civil Rights (45.4%), Development & Neighborhood Services (51.6%), and Parks & Recreation (52.6%).

The Overtime Summary Report shows four departments with a variance of more than 3.0% above the expected expenditure rate for overtime. First, the Community and Economic Development Department incurred unexpected costs earlier in the year related to a position vacancy, but no additional overtime expenses have been recorded. The Development and Neighborhood Services Department (665.6%) is above expected overtime expenditures due to overtime costs related to inspections and code enforcement. The Fire Department (135.3%) has higher-than-expected overtime expenditures due to an unusual number of employee absences from on-the-job injuries and other mandatory leaves. Overall, the Fire Department has managed to reduce its overtime by 42.7% in comparison to the corresponding period in the previous fiscal year. The Parks Department (76.8%) is above expected overtime expenditures due to overtime costs associated with parks operations and aquatics recreation programs, occurring during the summer months, this is beginning to stabilize as the year progresses.

General Fund Revenue

Below is a chart detailing other major revenues. In relation to FY 2023 YTD, other major revenue sources are up 7.3%. Uses of Money & Property is up 44.5% due to increased interest rates on the City’s investments compared to the same period last year. Licenses & Permits are up 12.4% due to increased revenues from building permits and liquor licenses. All general fund projected revenues are exceeding budget with the exception of Cable TV Franchise, which is anticipated.

As of the end of January, general fund revenues from property taxes are trending in line with projections, with 54.6% of the budget received. The City receives two large installments of property taxes each fiscal year, the first in the fall around September, and the second in the spring around March. In comparison to the FY 2023 YTD, the general fund property tax revenues are up 1.3%. Additionally, the City has received 107.4% of the budgeted \$1.4M general fund revenues related to the commercial rollback and business property tax credit backfill.

These revenue sources will continue to be closely monitored on a monthly basis in relation to budget.

SUMMARY OF MAJOR NON-TAX REVENUE SOURCES					
Revenue	Budget	YTD	Current Projection	YTD Change from FY 2023	% of Budget Collected
Cable TV Franchise	630,000	134,179	532,414	-8.5%	21.3%
Casino Development Fee	1,400,000	706,025	1,720,455	-6.7%	50.4%
Licenses & Permits	1,974,000	1,470,817	2,673,855	12.4%	74.5%
Charges for Services	4,351,775	3,025,543	5,422,848	1.5%	69.5%
Uses of Money & Property	1,084,300	1,332,894	2,584,272	44.5%	122.9%
Fines & Forfeits	1,292,000	802,558	1,542,621	-5.4%	62.1%
Total	10,732,075	7,472,016	14,476,465	7.3%	69.6%

Local Option Sales Tax Fund Revenue

The below chart displays the revenue categories for the Local Option Sales Tax Fund as of the end of January. The majority of this fund's revenue comes from the sales tax disbursements from the state. Local Options Sales Tax revenue is trending higher than projected with 71.3% of budgeted revenue collected through the end of January.

SUMMARY OF LOCAL OPTION SALES TAX FUND			
Revenue	Budget	YTD	% of Budget Collected
Other Taxes (Sales Tax)	17,007,500	12,110,946	71.2%
Charges for services	85,000	64,498	75.9%
Use of Monies & Prop	15,000	12,577	83.8%
Miscellaneous	-	4,865	N/A
Total	17,107,500	12,192,886	71.3%

Trust & Agency Fund

As of the end of January, Trust & Agency Fund expenditures continue to trend slightly below expected budget levels. The expected level of expenditures as of the end of January is 57.1%, and Trust & Agency expenditures are currently at 56.5%.

BENEFIT SUMMARY			
Benefit	Budget	YTD	%
FICA	1,566,037	838,667	53.6%
IPERS	1,471,400	725,953	49.3%
Employee Insurance	11,509,780	6,626,072	57.6%
MFPRSI	5,921,544	3,394,304	57.3%
RHSP	1,040,000	652,122	62.7%
Fit Pay	140,000	-	0.0%
Total	21,648,761	12,237,118	56.5%

Employee Health Insurance Fund

As of the end of January, claims for FY 2024 are 16.9% higher than claims in FY 2023 for the same time period. Claims expenditures are currently trending \$1.4M above the original budget of \$15.6 million. Finance staff will be closely monitoring this fund and process any budget amendments necessary. The City will be entering its final year for the current Third-Party Administrator contract; typically, health costs are greatest during the final contract year due to escalations. A Request for Proposals (RFP) for a Third-Party Administrator/Pharmacy Benefit Manager will be issued during Summer 2024 and typically bends the health insurance cost curve. Future updates will be provided.

HEALTH CLAIMS PROJECTION MODEL							
	FY 2022	FY 2023	Average	% Total	Cum. %	FY 2024	Year End Projection
July	940,733	1,040,152	938,078	7.54%	7.54%	1,057,152	14,013,936
August	1,515,769	1,114,579	1,060,395	8.53%	16.07%	1,280,795	14,547,823
September	1,442,449	893,377	963,958	7.75%	23.82%	1,289,954	15,228,910
October	1,114,280	1,010,406	982,016	7.90%	31.72%	1,951,145	17,588,770
November	1,209,077	1,272,687	975,509	7.84%	39.56%	1,466,791	17,808,733
December	2,951,600	1,245,375	1,248,397	10.04%	49.60%	1,523,051	17,274,954
January	970,399	1,785,197	966,799	7.77%	57.38%	1,208,588	17,040,611
February	1,402,591	1,490,882	873,475	7.02%	64.40%		
March	1,403,597	1,968,083	1,141,544	9.18%	73.58%		
April	1,215,023	1,253,418	1,037,081	8.34%	81.92%		
May	1,355,162	1,845,860	1,072,273	8.62%	90.54%		
June	1,245,079	1,486,844	1,175,929	9.46%	100.00%		
Total	16,765,759	16,406,860	12,435,454	100.00%	N/A	9,777,476	