



MEMORANDUM

DATE: 15 February 2024

TO: Mallory Merritt, Interim City Administrator/CFO

FROM: Matthew Cullinan, Management Analyst II

RE: FY 2024 Monthly Financial Update – Through December 2023

Below is a summary report of the City’s main operating funds as of December 31, 2023 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 December, General Fund operating departments ended below expected spending levels. With 50.0% of the year completed, 48.6% of overall budgeted expenditures have been spent. Payroll costs, which are the main driver of the General Fund, are at 47.3% of budgeted levels, which is slightly below the expected level of 48.1%.

OVERALL DEPARTMENT BUDGET SUMMARY			
Department	Budget	YTD	%
City Council	337,783	171,761	50.8%
Mayor's Office	131,471	46,786	35.6%
Finance	1,693,260	847,273	50.0%
Administration	942,179	422,996	44.9%
Information Technologies	-	(68,288)	-
Human Resources	827,600	391,690	47.3%
Comm. & Econ. Dev.	1,232,186	293,892	23.9%
Civil Rights	442,367	172,229	38.9%
Dev. & Nbhd. Svc. Dept.	2,210,913	982,110	44.4%
Public Works	3,572,384	1,814,401	50.8%
Police Department	20,873,717	10,378,376	49.7%
Fire Department	14,295,621	7,211,302	50.4%
Parks & Recreation	4,511,074	2,130,053	47.2%
Library	2,680,966	1,305,693	48.7%
Total	53,751,521	26,100,274	48.6%

OVERTIME SUMMARY			
Department	Budget	YTD	%
Finance	2,600	-	0.0%
Human Resources	200	54	27.0%
CED	-	89	N/A
DNSD	2,000	12,649	632.5%
Public Works	72,500	26,735	36.9%
Police	570,858	216,116	37.9%
Fire	311,100	374,889	120.5%
Parks	29,500	20,192	68.4%
Library	5,135	221	4.3%
Total	993,893	650,945	65.5%

There are currently no departments with a variance of more than 3.0% above the expected expenditure rate of 50.0%. There are five departments currently 5.0% or more below the expected expenditure rate: Mayor's Office (35.6%), Administration (44.9%), Community and Economic Development (23.9%), Civil Rights (38.9%), and Development & Neighborhood Services (44.4%).

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 (632.5%) is above expected overtime expenditures due to overtime costs related to inspections and code enforcement. The Fire Department (120.5%) 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 42.9% in comparison to the corresponding period in the previous fiscal year. The Parks Department (68.4%) 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 10.1%. Uses of Money & Property is up 41.5% due to increased interest rates on the City's investments compared to the same period last year. All general fund projected revenues are exceeding budget with the exception of Cable TV Franchise, which is anticipated.

These revenue sources will 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	575,679	1,769,202	-8.1%	41.1%	
Licenses & Permits	1,974,000	1,366,050	2,729,475	10.4%	69.2%	
Charges for Services	4,351,775	2,744,018	5,722,184	9.5%	63.1%	
Uses of Money & Property	1,084,300	1,292,136	2,584,272	41.5%	119.2%	
Fines & Forfeits	1,292,000	667,500	1,440,198	-8.1%	51.7%	
Total	10,732,075	6,779,562	14,777,745	10.1%	63.2%	

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 December. 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 60.6% of budgeted revenue collected through the end of December.

SUMMARY OF LOCAL OPTION SALES TAX FUND			
Revenue	Budget	YTD	% of Budget Collected
Other Taxes (Sales Tax)	17,007,500	10,294,990	60.5%
Charges for services	85,000	63,072	74.2%
Use of Monies & Prop	15,000	11,945	79.6%
Miscellaneous	-	4,865	N/A
Total	17,107,500	10,374,872	60.6%

Trust & Agency Fund

As of the end of December, Trust & Agency Fund expenditures continue to trend slightly below expected budget levels. The expected level of expenditures as of the end of December is 49.1%, and Trust & Agency expenditures are currently at 48.5%.

BENEFIT SUMMARY			
Benefit	Budget	YTD	%
FICA	1,566,037	746,470	47.7%
IPERS	1,471,400	629,173	42.8%
Employee Insurance	11,509,780	5,649,153	49.1%
MFPRSI	5,921,544	2,916,002	49.2%
RHSP	1,040,000	559,664	53.8%
Fit Pay	140,000	-	0.0%
Total	21,648,761	10,500,462	48.5%

Employee Health Insurance Fund

As of the end of December, claims for FY 2024 are 30.3% higher than claims in FY 2023 for the same time period. Claims expenditures are currently trending \$1.7M 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%		
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	8,568,888	