



MEMORANDUM

DATE: 12 February 2024

TO: Mallory Merritt, Interim City Administrator/CFO

FROM: Matthew Cullinan, Management Analyst II

RE: FY 2024 Monthly Financial Update – Through November 2023

Below is a summary report of the City’s main operating funds as of November 30, 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 stabilize.

General Fund Expenditures

As of the end of November, General Fund operating departments ended below expected spending levels. With 41.7% of the year completed, 38.5% of overall budgeted expenditures have been spent. Payroll costs, which are the main driver of the General Fund, are at 36.4% of budgeted levels, which is slightly below the expected level of 36.6%.

OVERALL DEPARTMENT BUDGET SUMMARY			
Department	Budget	YTD	%
City Council	337,783	137,371	40.7%
Mayor's Office	131,471	39,476	30.0%
Finance	1,693,260	674,481	39.8%
Administration	942,179	313,830	33.3%
Human Resources	827,600	309,798	37.4%
Comm. & Econ. Dev.	1,232,186	258,883	21.0%
Civil Rights	442,367	136,440	30.8%
Dev. & Nbhd. Svc. Dept.	2,210,913	761,874	34.5%
Public Works	3,572,384	1,497,104	41.9%
Police Department	20,873,717	8,199,180	39.3%
Fire Department	14,295,621	5,583,951	39.1%
Parks & Recreation	4,511,074	1,745,765	38.7%
Library	2,680,966	1,014,149	37.8%
Total	53,751,521	20,672,302	38.5%

OVERTIME SUMMARY			
Department	Budget	YTD	%
Finance	2,600	-	0.0%
Human Resources	200	43	21.5%
CED	-	89	N/A
DNDS	2,000	9,829	491.5%
Public Works	72,500	18,341	25.3%
Police	570,858	167,651	29.4%
Fire	311,100	280,421	90.1%
Parks	29,500	18,141	61.5%
Library	5,135	210	4.1%
Total	993,893	494,725	49.8%

There are currently no departments with a variance of more than 3.0% above the expected expenditure rate of 41.7%. There are five departments currently 5.0% or more below the expected expenditure rate: Mayor's Office (30.0%), Administration (33.3%), Community and Economic Development (21.0%), Civil Rights (30.8%), and Development & Neighborhood Services (34.5%).

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 (491.5%) is above expected overtime expenditures due to overtime costs related to inspections and code enforcement. The Fire Department (90.1%) 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 43.8% in comparison to the corresponding period in the previous fiscal year. The Parks Department (61.5%) 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 9.2%. Uses of Money & Property is up 61.5% due to increased interest rates on the City's investments compared to the same period last year. All general fund revenues are exceeding budget with the exception of Cable TV Franchise, which is anticipated.

As of the end of November, general fund revenues from property taxes are trending in line with projections, with 51.7% of the budget already 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.

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	465,741	1,763,143	-8.7%	33.3%
Licenses & Permits	1,974,000	1,217,502	2,688,367	5.4%	61.7%
Charges for Services	4,351,775	2,412,464	5,770,358	9.9%	55.4%
Uses of Money & Property	1,084,300	762,706	2,625,980	61.5%	70.3%
Fines & Forfeits	1,292,000	540,042	1,518,693	-7.9%	41.8%
Total	10,732,075	5,532,634	14,898,955	9.2%	51.6%

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 November. 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 49.8% collected through the end of November.

SUMMARY OF LOCAL OPTION SALES TAX FUND			
Revenue	Budget	YTD	% of Budget Collected
Other Taxes (Sales Tax)	17,007,500	8,451,502	49.7%
Charges for services	85,000	49,171	57.8%
Use of Monies & Prop	15,000	7,780	51.9%
Miscellaneous	-	4,865	N/A
Total	17,107,500	8,513,318	49.8%

Trust & Agency Fund

As of the end of November, Trust & Agency Fund expenditures continue to trend slightly below expected budget levels. The expected level of expenditures as of the end of November is 39.3%, and Trust & Agency expenditures are currently at 39.0%.

BENEFIT SUMMARY			
Benefit	Budget	YTD	%
FICA	1,566,037	575,791	36.8%
IPERS	1,471,400	483,951	32.9%
Employee Insurance	11,509,780	4,702,672	40.9%
MFPRSI	5,921,544	2,247,435	38.0%
RHSP	1,040,000	427,622	41.1%
Fit Pay	140,000	-	0.0%
Total	21,648,761	8,437,471	39.0%

Employee Health Insurance Fund

As of the end of November, claims for FY 2024 are 32.2% higher than claims in FY 2023 for the same time period. Claims expenditures are currently trending \$2.2M above the original budget of \$15.6 million. Finance staff will be closely monitoring this fund during the next quarter 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%		
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	7,045,837	