



MEMORANDUM

DATE: 12 December 2023

TO: Mallory Merritt, Interim City Administrator/CFO

FROM: Matthew Cullinan, Management Analyst II

RE: FY 2024 Monthly Financial Update – Through October 2023

Below is a summary report of the City’s main operating funds as of October 31, 2023 for FY 2024. Information is provided for the General Fund, Trust & Agency Fund, Local Options Sales Tax Fund, and Employee Health Fund. As the year advances, projections are expected to stabilize.

General Fund Expenditures

As of the end of October, General Fund operating departments ended below expected spending levels. With 33.3% of the year completed, 30.7% of overall budgeted expenditures have been spent. Payroll costs, which are the main driver of the General Fund, are at 29.2% of budgeted levels, which is slightly above the expected level of 29.0% due to one-time payments in July associated with collective bargaining agreements. This is continuing to stabilize as the year progresses.

OVERALL DEPARTMENT BUDGET SUMMARY			
Department	Budget	YTD	%
City Council	337,783	123,900	36.7%
Mayor's Office	131,471	34,230	26.0%
Finance	1,693,260	506,101	29.9%
Administration	942,179	250,242	26.6%
Human Resources	827,600	244,973	29.6%
Comm. & Econ. Dev.	1,232,186	215,368	17.5%
Civil Rights	442,367	113,081	25.6%
Dev. & Nbhd. Svc. Dept.	2,210,913	592,012	26.8%
Public Works	3,572,384	1,031,008	28.9%
Police Department	20,873,717	6,680,103	32.0%
Fire Department	14,295,621	4,481,078	31.3%
Parks & Recreation	4,511,074	1,423,447	31.6%
Library	2,680,966	812,026	30.3%
Total	53,751,521	16,507,569	30.7%

OVERTIME SUMMARY			
Department	Budget	YTD	%
Finance	2,600	-	0.0%
Human Resources	200	29	14.5%
CED	-	89	N/A
DNSD	2,000	7,709	385.5%
Public Works	72,500	13,579	18.7%
Police	570,858	138,396	24.2%
Fire	311,100	225,122	72.4%
Parks	29,500	16,219	55.0%
Library	5,135	51	1.0%
Total	993,893	401,194	40.4%

There is currently one department with a variance of more than 3.0% above the expected expenditure rate of 33.3%, City Council (36.7%) which is due to a payment for a quarterly membership fee. There are four departments currently 5.0% or more below the expected expenditure rate: Mayor’s Office (26.0%), Community and Economic Development (17.5%), Civil Rights (25.6%), and Development & Neighborhood Services (26.8%).

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 has incurred unexpected costs related to a position vacancy but, it is not anticipated to be a continued expense. The Development and Neighborhood Services Department (385.5%) is above expected overtime expenditures due to overtime costs related to inspections and code enforcement. The Fire Department (72.4%) has higher-than-expected overtime expenditures due to an unusual number of employee absences from on-the-job injuries and other mandatory leaves. The Parks Department (55.0%) is above expected overtime expenditures due to overtime costs associated with parks operations and aquatics recreation programs, occurring during the summer months.

General Fund Revenue

Below is a chart detailing other major revenues. In relation to FY 2023 YTD, other major revenue sources are up 12.2%. Uses of Money & Property is up 77.3% due to increased interest rates on the City’s investments compared to the same period last year. Other revenues are tracking in line with projections.

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

SUMMARY OF MAJOR NON-TAX REVENUE SOURCES					
Department	Budget	YTD	Current Projection	YTD Change from FY 2023	% of Budget Collected
Cable TV Franchise	630,000	123,532	655,701	-6.8%	19.6%
Casino Development Fee	1,400,000	355,586	1,765,283	-7.4%	25.4%
Licenses & Permits	1,974,000	1,080,995	2,781,634	2.9%	54.8%
Charges for Services	4,351,775	2,075,525	5,811,421	11.1%	47.7%
Uses of Money & Property	1,084,300	727,763	2,625,980	77.3%	67.1%
Fines & Forfeits	1,292,000	408,637	1,476,226	0.2%	31.6%
Total	10,732,075	4,772,038	15,116,245	12.2%	44.5%

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 October. 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 36.9% collected through the end of October.

SUMMARY OF LOCAL OPTION SALES TAX FUND			
Department	Budget	YTD	% of Budget Collected
Other Taxes (Sales Tax)	17,007,500	6,270,618	36.9%
Charges for services	85,000	27,440	32.3%
Use of Monies & Prop	15,000	7,096	47.3%
Miscellaneous	-	4,865	N/A
Total	17,107,500	6,310,019	36.9%

Trust & Agency Fund

As of the end of October, Trust & Agency Fund expenditures continue to trend slightly below expected budget levels. The expected level of expenditures as of the end of October is 31.3%, and Trust & Agency expenditures are currently at 31.0%.

BENEFIT SUMMARY			
Benefit	Budget	YTD	%
FICA	1,566,037	479,328	30.6%
IPERS	1,471,400	384,778	26.2%
Employee Insurance	11,509,780	3,752,654	32.6%
MFPRSI	5,921,544	1,759,674	29.7%
RHSP	1,040,000	342,921	33.0%
Fit Pay	140,000	-	0.0%
Total	21,648,761	6,719,355	31.0%

Employee Health Insurance Fund

As of the end of October, claims for FY 2024 are 37.47% higher than claims in FY 2023 for the same time period. Claims expenditures are currently trending \$1.99M 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; 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%		
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	5,579,046	