



CITY OF DECATUR ILLINOIS

ONE GARY K. ANDERSON PLAZA

DECATUR, ILLINOIS 62523

Treasurers Financial Report August 2023

The Year in Play

The total revised budget for fiscal year 2023 authorizes \$275.8 million in expenditures, against \$236.7 million in authorized revenues.

The General Fund, as a part of the amended City budget, includes General Fund revenues of \$87.4 million and expenses of \$89.5 million.

City Financial Position

The City of Decatur ended the month with a total cash position of \$124.1 million (excluding trust and agency funds earmarked for Police and Fire pensions) versus the cash position of \$128.7 at the end of last month.

The City General Fund ended the month with a cash position of \$25.7 million versus last month's cash position of \$26.8 million. The General Fund is the primary operating fund of the City which provides the cash to pay for the basic services to citizens and stakeholders, including public safety protection, public works services, code enforcement, economic and community development services as well as general government service.

The General Fund cash reserve position is 107 days. The council approved cash reserve policy is a 90-day cash reserve, which is calculated for the FY2023 budget at \$20.9 million.

City cash reserves are contained in Special Revenue funds (\$20.3 million), TIF Redevelopment funds (\$3.8 million), Capital funds (\$3.0 million), Debt Service fund (\$2.0 million), Internal Service funds (\$5.9 million) and Enterprise funds (\$62.8 million), which are earmarked for specific purpose and not expendable to finance the cost of basic services provided to citizens and stakeholders.

City cash position reported in \$ millions, numbers may not add due to rounding

Fund Type	Jun-23	Jul-23	Aug-23	Comment
Special Revenue	21.6	22	20.3	Library, State MFT, Local MFT, Federal programs, etc.
TIF Redevelopment	2.8	3.6	3.8	Debt service and redevelopment agreement obligations
Capital	2.8	3.6	3.3	Capital funding available
Debt	1.8	2.1	2	Debt service obligations
Internal Service	5.2	5.1	5.9	Risk insurance, EE healthcare benefits, Fleet maintenance
Enterprise	61.7	65.1	62.8	Utilities – Water, Sewer, Storm Water, Transit, Recycling, Fiber
Non-General Fund	95.9	101.5	98.1	
General Fund	26.3	26.8	25.7	Basic services to citizens and stakeholders
Total City Cash	122.3	128.7	124.1	

Changes of note in the period:

- The decrease in fund balance primarily came from a \$1.5 million dollar debt payment in the Water Fund.

General Fund Position

Cash

The City General Fund cash position ended the reporting period at \$25.7 million. The current cash balance represents a cash reserve position of about 107 days. The general fund 90 reserve was calculated to be \$20.9 million for the FY2023 budget based on the policy of excluding capital expenses. About a quarter million dollars represents one day of reserve.

General Fund Result

City General Fund position of revenue received versus expense incurred to date is as follows for the period.

\$(000)	Year to Date(1)	Budget Target(2)	% vs Target(3)
Revenue	56,746	58,097	-2%
Expense	56,585	60,144	-6%
Surplus	161	(2,047)	

Chart notes

1 – actual year to date general fund revenue and expense

2 – budget year to date general fund revenue and expense

3 – year to date percentage comparison of actual to budget

Revenue Comments

- In August, the second installment of the property tax distributions came in, some \$900 thousand among the General Fund, Library Fund, Band Fund, Debt Fund, and various TIF Funds.
- The revenue estimates are based upon the FY2022 actual collections. For example, if 10% of a revenue was received in FY2022 in a given month, the FY2023 budgeted amounts, with certain exceptions, are budgeted to come at 10% in that same month in FY2023.
- Local and state economic indicator taxes, distributed with a 1-3 month lag between merchant collection and distribution to the city, are generally slightly positive compared to last year.
- Projections are based on the adopted budget.

General Fund Revenue

Revenue to date through the period is \$56.7 million versus budget to date revenue of \$58 million, under budget by 2%.

Year to date position of revenue vs. budget - Revenue numbers may not add due to rounding

GENERAL GOV TAXES	Actual YTD	Revised Budget YTD	vs Adopted Budget	% vs Budget
PROPERTY TAX	6,614,312	7,035,801	(421,489)	
MOBILE HOME PRIVELEGE TAX	-	-	-	
STATE SALES TAX	9,038,243	9,192,037	(153,794)	-2%
TELEPHONE UTILITY TAX	797,978	780,660	17,318	2%
FOOD & BEVERAGE TAX	2,747,443	2,703,096	44,347	2%
HOTEL AND MOTEL TAX	776,936	702,000	74,936	10%
LOCAL SALES TAX	8,667,453	8,795,423	(127,969)	-1%
AVIATION FUEL TAX	15,593	5,333	10,260	66%
LOCAL USE TAX	1,965,718	1,991,329	(25,611)	-1%
AUTO RENTAL TAX	37,725	30,344	7,381	20%
UTILITY TAX - ELECTRIC & GAS	3,093,108	3,674,872	(581,763)	-19%
VIDEO GAMING TAX	1,618,607	1,578,299	40,308	2%
CABLE TV TAX	717,139	773,313	(56,174)	-8%
Sub Total	36,090,257	37,262,506	(1,172,250)	-3%
GENERAL GOVERNMENT (INTERGOV)				
LOCAL REPLACEMENT TAX	50,925	47,237	3,688	7%
STATE REPLACEMENT TAX	2,559,942	1,573,663	986,279	39%
STATE INCOME TAX	7,939,471	8,867,696	(928,225)	-12%
FEDERAL GRANTS	-	250,000	(250,000)	
STATE GRANTS OR OTHER	-	100,000	(100,000)	
POLICE OT REIMBURSEMENTS	49,132	48,534	598	1%
CANNABIS TAX	72,339	78,333	(5,993)	-8%
OPIOID TREATMENT FUNDING	50,000	-	50,000	100%
ADDI REIMBURSEMENTS	1,102	-	-	
Sub Total	10,722,911	10,965,463	(243,653)	-2%
GENERAL GOVERNMENT (SERVICE)				
Sub Total	5,732,582	5,775,069	(42,488)	-1%
GENERAL GOV LICENSES/PERMITS				
Sub Total	912,235	1,479,009	(566,773)	-62%
GENERAL GOV OTHER				
Sub Total	3,288,229	2,615,778	672,450	20%
General Fund Total (year-to-date)	56,746,214	58,097,825	(1,351,612)	-2%

Key Economic Driven General Fund Revenues vs. the Full Year Target

Key General Fund revenues supporting General Fund expenses are presented in the chart below depicting the full year budget, year-to-date revenue received, with comparison to the full year budget and prior year revenue receipt.

	2023 Budget	2023 YTD	YTD % of budget	2022 YTD	% Change year vs year
State Sales Tax (Gen Fund)	13,914,000	9,038,243	65.0%	8,600,685	5.1%
Local Sales Tax (Gen Fund)	13,334,000	8,667,453	65.0%	8,231,918	5.3%
State Income Tax	11,874,000	7,939,471	66.9%	8,365,751	-5.1%
Utility Tax (Gas/Electric)	5,337,000	3,093,108	58.0%	3,416,003	-9.5%
Food & Beverage Tax (Gen Fund)	3,997,000	2,747,443	68.7%	2,526,258	8.8%
Use Tax	3,020,000	1,965,718	65.1%	1,861,055	5.6%
Video Gaming Tax	2,386,000	1,618,607	67.8%	1,545,697	4.7%
State/Local Replacement Tax (Gen Fund)	2,056,000	2,610,867	127.0%	2,813,709	-7.2%
Hotel & Motel Tax	1,152,000	776,936	67.4%	642,159	21.0%
Cable TV Tax	1,034,000	717,139	69.4%	762,213	-5.9%

General Fund Expense Comments

On a year-to-date basis, general fund spending is \$56.5 million of a \$89.5 million revised budget.

Year to date position of expense vs. budget

	Actual	Yearly Revised Budget	% of Budget
General Government	12,501,032	19,328,490	65%
Developmental Services	2,624,996	4,287,539	61%
Public Safety	34,700,823	55,298,436	63%
Public Works	7,013,300	10,637,535	66%
General Fund Expense	56,585,134	89,552,000	63%

Expense numbers may not add due to rounding

Cash balances in funds of note are as follows with comment:

The Trust & Agency Fund balance is sequestered in the Police and Fire Pension Funds and are not available for expenditure on other city operations.

Fund	Fund Balance	Comment
Federal HOME	\$ 21,429	Federally approved programs
Federal CDBG	\$ 5,778	Community Development Block Grant
State Drug Enforcement	\$ 427,907	Police programs
Federal DUI Drug Enforcement	\$ 391,838	Police programs
Building Fund	\$ 826,231	R&M and capital of Library facility
Public Library	\$ 1,805,817	Operational fund of Library
Library Capital	\$ 793,708	Capital Expense requirements and cash reserves
Library Trust	\$ 86,915	Donations received in trust for specific purpose as defined by the donors and unavailable for other use
Local Roads and Streets	\$ 1,626,021	Street repairs and maintenance
Motor Fuel Tax	\$ 6,260,903	Street repairs and maintenance
Community Revitalization	\$ 6,949,399	Revitalization initiatives
2018 Project	\$ (177,324)	General Obligation bond proceeds for construction of new fire stations
Capital Project	\$ 28,739	Minimal funding available
Equipment Replacement	\$ 1,724,081	Police, fire and public works capital requirements including vehicle replacements
Debt Fund	\$ 2,011,095	Debt payments on current debt issues
Fleet Maintenance	\$ 822,843	Repair and maintenance of city vehicle fleet
Risk Management	\$ 4,881,851	Cash reserves for ongoing business insurance costs including liability, property, & worker's compensation
Employee Insurance	\$ 275,276	Coverage for healthcare and other benefit expenses.
Public Transit Operations	\$ 248,866	Operational and capital funding of the transit system
Fiber Optics	\$ 840,774	City investment in the next phase of a fiber optic network
Storm Water	\$ 3,210,898	Balance and ongoing cash flow is sufficient to fund currently defined storm water projects
Sewer	\$ 13,645,493	Balance and ongoing cash flow is sufficient to fund currently defined sewer projects
Water Utility	\$ 6,717,217	Balance and ongoing cash flow is sufficient to fund currently defined water projects.
2022 Bond Fund	\$ 24,431,517	Bond revenues in FY22
Grant	\$ 347,996	Unbudgeted FY2022 grants
ARP	\$ 1,697,103	Federal ARP funds as per city budget

Investments

City investments include about \$51 million in US Treasury Bonds and an additional \$20.4 million from the 2022 bond proceeds from this fiscal year. The investment schedule provides the details of the investments. The investments are comprised of fire station initiative bond proceeds, pooled cash, and the 2022 bond proceeds.

The bond proceeds and pooled cash are invested in treasury bonds and are scheduled to mature over the next months to three years, the 2022 bond funds in short term investments through 2023.

Investment instruments are in accordance with the City Investment Policy with interest rates maximized given available current marketplace investment returns.

Debt

Debt outstanding was \$126.9 million in outstanding principal as of June 2023. All debt principal and interest payments are covered within the 2023 fiscal year operating plan and budget and are secured within the current cash flow operations of the city.

Revenue Tracking

City-wide Revenue received during the reporting period is \$23.6 million, with \$154.3 million year-to-date. The total is 65% of the revised revenue budget of \$236.7 million.

Of note, the property tax revenues received by the City according to the tax levy in effect will provide the cash resources to fund City contributions to the Police and Firemen's Pension Fund, fund City contributions to the operation of the Decatur Public Library, provide City funding for a portion of the General Obligation Bond debt payments, and provide funding for the City contribution to the Decatur Municipal Band.

The property tax revenues received in FY2023 provide for the pension funds, operation of the Library, debt payments and the Municipal Band. Only a portion of the city's operational costs are funded by property tax, which are more generally funded by a variety of other revenues such as state income and use taxes, or fees for service, as per the Water Fund.

Property Tax for FY2023

The levy is \$15,323,128 million, excluding TIF districts. The tax rate is estimated at 1.62733% of the EAV of \$941,610,236, with another \$19.2 million for the TIF districts. The City property tax levy is about 16% of the total property tax rate for City property owners.

In the second property tax installment, we received \$806 thousand for debt, the pension funds, the Library, and Band and about \$106 thousand in the various TIF funds.

Expenditure Tracking

City-wide expenses during the reporting period were \$20.5 million and \$149.6 million year-to-date. The total is 54% of the annual revised expense budget of \$275.8 million.

Water Utility

The financial performance of the City Water Utility is illustrated in this report. The report mimics the reporting for a business enterprise, depicting actual profit and loss performance versus budget, compared to the previous year, as well as on a monthly basis. In addition, key balance sheet items are reported as well as Capital Expense spending.

Water Utility performance achieved through the end of the month, on an operating margin (before debt service or transfer to capital) about \$1.5 million of expenses over revenue. In FY2022, the comparable was \$1.7 million revenue over expenses. In debt payments for the Fiscal Year, about \$12.1 million has been paid out so far.

The report entitled “Water Utility Metrics” is a schedule reporting on key metrics in comparison to the prior year.

Headcount Staffing Across all Funds

Current full-time staffing level is 430 FTEs versus budget of 465 FTEs. There are 27 part-time and temp employees.