



CITY OF DECATUR ILLINOIS

ONE GARY K. ANDERSON PLAZA

DECATUR, ILLINOIS 62523

Treasurers Financial Report March 2024

The Year in Play

The total revised budget for fiscal year 2024 authorizes \$306.7 million in expenditures, against \$280.3 million in authorized revenues.

The General Fund, as a part of the revised City budget, includes General Fund revenues of \$90.6 million and expenses of \$90.6 million.

City Financial Position

The City of Decatur ended the month with a total cash position of \$110.1 million (excluding trust and agency funds earmarked for Police and Fire pensions) versus the cash position of \$108 at the end of last month.

The City General Fund ended the month with a cash position of \$21.9 million versus last month's cash position of \$21.3 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 91 days. The council approved cash reserve policy is a 90-day cash reserve, which is calculated for the FY2024 budget at \$21.5 million. The FY2024 90-day cash reserve is a higher amount compared to last fiscal year since the total FY2024 budget is higher. The FY2023 90-day reserve was \$20.9 million.

City cash reserves are contained in Special Revenue funds (\$15.3 million), TIF Redevelopment funds (\$2.6 million), Capital funds (\$7.9 million), Debt Service fund (\$.06 million), Internal Service funds (\$6.4 million) and Enterprise funds (\$55.6 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	Jan-24	Feb-24	Mar-24	Comment
Special Revenue	17.1	15	15.3	Library, State MFT, Local MFT, Federal programs, etc.
TIF Redevelopment	2.5	2.5	2.6	Debt service and redevelopment agreement obligations
Capital	7.9	8.3	7.9	Capital funding available
Debt	1.2	-0.05	0.06	Debt service obligations
Internal Service	5.6	6.2	6.4	Risk insurance, EE healthcare benefits, Fleet maintenance
Enterprise	63.8	54.3	55.6	Utilities – Water, Sewer, Storm Water, Transit, Recycling, Fiber
Non-General Fund	98.1	86.25	87.86	
General Fund	23.7	21.3	21.9	Basic services to citizens and stakeholders
Total City Cash	122.2	107.9	110.1	

The change in cash reserve from the prior month is explained by the capital project transfers and debt-related transfers. The capital expenses come up front at the beginning of the year, or episodically in large chunks as projects, debt payments, or purchases such as vehicles come due. Revenue comes in monthly, so even though there is a balanced budget, fund balance will fluctuate periodically.

There is still \$4.5 million of transfers to be made out of the General Fund for debt and equipment later in the year after funds from the tax levy and state revenues have been received.

General Fund Position

Cash

The City General Fund cash position ended the reporting period at \$21.9 million. The current cash balance represents a cash reserve position of about 91 days. The general fund 90 reserve was calculated to be \$21.5 million for the FY2024 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.

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

\$(000)	Year to Date(1)	Budget Target(2)	% vs Target(3)
Revenue	18,054	19,673	-9%
Expense	19,755	19,216	3%
Surplus	(1,701)	457	

Revenue Comments

- The utility tax is under budget due to two issues. First, there have only been two actual payments of about \$450,000 each as of the end of March. The March payment was received on April 2nd and thus is not captured in this report, as well as slightly less than expected amounts being received.
- The revenue estimates are based upon the FY2023 actual collections. For example, if 10% of a revenue was received in FY2023 in a given month, the FY2024 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.
- Although March indicates revenues are running behind budget, this is a timing issue, and year end revenues are still expected to end on budget.

General Fund Revenue

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	-	-		
MOBILE HOME PRIVELEGE TAX	-	-		
STATE SALES TAX	3,714,950	3,742,196	(27,246)	-1%
TELEPHONE UTILITY TAX	282,065	329,624	(47,559)	-17%
FOOD & BEVERAGE TAX	995,739	1,080,124	(84,385)	-8%
HOTEL AND MOTEL TAX	204,390	240,855	(36,465)	-18%
LOCAL SALES TAX	3,538,161	3,628,381	(90,220)	-3%
AVIATION FUEL TAX	8,990	2,000	6,990	78%
LOCAL USE TAX	785,458	906,340	(120,883)	-15%
AUTO RENTAL TAX	14,203	16,750	(2,547)	-18%
UTILITY TAX - ELECTRIC & GAS	901,908	1,684,194	(782,285)	-87%
VIDEO GAMING TAX	552,917	611,697	(58,780)	-11%
STREAMING TAX	-	-		
CABLE TV TAX	220,606	262,499	(41,893)	-19%
Sub Total	11,219,386	12,504,660	(1,285,273)	-11%
GENERAL GOVERNMENT (INTERGOV)				
LOCAL REPLACEMENT TAX	17,776	41,200	(23,423)	-132%
STATE REPLACEMENT TAX	502,245	641,973	(139,729)	-28%
STATE INCOME TAX	2,880,836	2,800,659	80,177	3%
FEDERAL GRANTS	31,958	37,500	(5,543)	-17%
STATE GRANTS OR OTHER	443	42,250	(41,807)	
POLICE OT REIMBURSEMENTS	14,884	21,750	(6,866)	-46%
CANNABIS TAX	28,745	25,500	3,245	11%
Sub Total	3,476,886	3,610,832	(133,946)	-4%
GENERAL GOVERNMENT (SERVICE)				
Sub Total	2,010,847	2,212,852	(202,005)	-10%
GENERAL GOV LICENSES/PERMITS				
Sub Total	212,358	128,717	83,641	39%
GENERAL GOV OTHER				
Sub Total	1,135,157	1,216,730	(81,573)	-7%
General Fund Total (year-to-date)	18,054,634	19,673,790	(1,619,156)	-9%

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.

	2024 Budget	2024 YTD	YTD % of budget	2023 YTD	% Change year vs year
State Sales Tax (Gen Fund)	14,498,000	3,714,950	25.6%	3,342,524	11.1%
Local Sales Tax (Gen Fund)	13,772,000	3,538,161	25.7%	3,207,525	10.3%
State Income Tax	11,675,000	2,880,836	24.7%	2,678,322	7.6%
Utility Tax (Gas/Electric)	5,002,000	901,908	18.0%	1,622,207	-44.4%
Food & Beverage Tax (Gen Fund)	4,571,000	995,739	21.8%	848,971	17.3%
Use Tax	3,011,000	785,458	26.1%	789,241	-0.5%
Video Gaming Tax	2,536,000	552,917	21.8%	546,859	1.1%
State/Local Replacement Tax (Gen Fund)	2,599,000	520,021	20.0%	891,105	-41.6%
Hotel & Motel Tax	1,324,000	204,390	15.4%	197,785	3.3%
Cable TV Tax	1,031,000	220,606	21.4%	248,753	-11.3%

General Fund Expense Comments

On a year-to-date basis, general fund spending is \$19.7 million of a \$90.6 million revised budget.

- The Police Department's first payment for the Emergency Communications Contract was budgeted to be spent later in the year, which is the primary reason for spending being over the budget target. However, costs are still within the yearly budgeted amount.

Year-to-date position of expense vs. budget

Expense numbers may not add due to rounding

	Actual	Yearly Revised Budget	% of Budget
General Government	4,501,276	16,945,863	27%
Developmental Services	1,021,638	4,509,978	23%
Public Safety	11,764,287	58,030,246	20%
Public Works	2,585,814	11,125,913	23%
General Fund Expense	19,755,177	90,612,000	22%

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.

The Water Utility Fund paid \$7.7 million in principal and interest payments at the end of February. A \$3 million dollar transfer to water capital for half of the expected water capital projects was entered at the end of February as well. The \$3 million transfer to capital was reversed March 1st since there was not enough cash in the Water Utility fund for the entire transfer at this time. This transfer was budgeted in FY2024 and initially believed to be needed from the Water Utility fund for projects in Water Capital.

Upon further investigation during the audit, the East Clarifier Project of \$5.6 million was initially charged to the Water Capital fund and can be moved to the 2022 bond fund in early April. This will free up funds needed for water capital projects in FY2024.

Fund	Balance	Comment
Federal HOME	\$206,292	Federally approved programs
Federal CDBG	\$23,954	Community Development Block Grant
State Drug Enforcement	\$421,235	Police programs
Federal Drug Enforcement	\$384,576	Police programs
Building Fund	\$594,542	R&M and capital of Library facility
Public Library	\$999,267	Operational fund of Library
Library Capital	\$817,095	Capital Expense requirements and cash reserves
Library Trust	\$72,134	Donations received in trust for specific purpose as defined by the donors and unavailable for other use
Local Roads and Streets	\$2,004,569	Street repairs and maintenance
Motor Fuel Tax	\$6,143,229	Street repairs and maintenance
Community Revitalization	\$2,928,215	Revitalization initiatives
2018 Project	-\$190,186	General Obligation bond proceeds for construction of new fire stations to be funded from ARP revenue replacement as per Council approval.
Capital Project	\$4,856,564	
Equipment Replacement	\$1,580,194	Police, fire and public works capital requirements including vehicle replacements
Debt Fund	\$61,971	Debt payments on current debt issues
Fleet Maintenance	\$1,125,558	Repair and maintenance of city vehicle fleet
Risk Management	\$5,033,986	Cash reserves for ongoing business insurance costs including liability, property, & worker's compensation
Employee Insurance	\$320,018	Coverage for healthcare and other benefit expenses.
Public Transit	-\$1,055,811	Operational and capital funding of the transit system
Fiber Optics	\$825,286	City investment in the next phase of a fiber optic network
Storm Water	\$3,259,453	Balance and ongoing cash flow is sufficient to fund currently defined storm water projects
Sewer	\$13,985,181	Balance and ongoing cash flow is sufficient to fund currently defined sewer projects

Water Utility	\$2,020,680	Balance and ongoing cash flow is sufficient to fund currently defined water projects.
Water Capital	-\$164,834	Capital projects
2022 Bond Fund	\$24,111,673	Bond revenues in FY22
Grant	-\$2,286	Unbudgeted FY2022 grants
ARP	\$1,692,351	Federal ARP funds as per city budget, which will be adjusted as per audit review and final grant reporting.

Investments

City investments include about \$54 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 2022 bond will be divested out of U.S. Treasury Bonds in 2024 as the water capital projects are being completed in 2024 and 2025 as intended with the 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 \$118.5 million in outstanding principal as of December 2023. All debt principal and interest payments are covered within the 2024 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 \$15.8 million, with \$46.6 million year-to-date. The total is 16.5% of the revised revenue budget of \$281.3 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 FY2024 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 FY2024

The levy is \$15,783,038 million, excluding TIF districts. The tax rate is estimated at 1.50478% of the estimated EAV of \$1,048,857,079 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.

Expenditure Tracking

City-wide expenses during the reporting period were \$10 million and \$56.5 million year-to-date. The total is 18% of the annual revised expense budget of \$306.7 million.

Water Utility

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 450 FTEs versus budget of 475 FTEs. There are 16 part-time and temp employees.