



CITY OF DECATUR ILLINOIS

ONE GARY K. ANDERSON PLAZA

DECATUR, ILLINOIS 62523

Treasurers Financial Report June 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 \$115.5 million (excluding trust and agency funds earmarked for Police and Fire pensions) versus the cash position of \$114.8 million at the end of last month.

The City General Fund ended the month with a cash position of \$26.0 million versus last month's cash position of \$24.7 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 109 days. The council approved cash reserve policy is a 90-day cash reserve, which is calculated for the FY2024 budget at \$21.5 million. In July after the City begins receiving tax levy funds, additional capital and debt transfers will be made, totaling approximately \$4.7 million, which would reduce the cash reserve to approximately 90 days. Additionally, there are \$6 million in pension payments for police and fire scheduled in July, taking up the entire initial allocation of property tax revenue.

City cash reserves are contained in Special Revenue funds (\$13.2 million), TIF Redevelopment funds (\$2.4 million), Capital funds (\$5.7 million), Debt Service fund (\$.03 million), Internal Service funds (\$7.2 million) and Enterprise funds (\$60.7 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	Apr-24	May-24	Jun-24	Comment
Special Revenue	16.8	14.8	13.2	Library, State MFT, Local MFT, Federal programs, etc.
TIF Redevelopment	2.3	2.3	2.4	Debt service and redevelopment agreement obligations
Capital	6.4	5.8	5.7	Capital funding available
Debt	0.07	0.08	0.03	Debt service obligations
Internal Service	6.6	6.9	7.2	Risk insurance, EE healthcare benefits, Fleet maintenance
Enterprise	59.5	60	60.7	Utilities – Water, Sewer, Storm Water, Transit, Recycling, Fiber
Non-General Fund	91.7	89.9	89.2	
General Fund	22.3	24.7	26	Basic services to citizens and stakeholders
Total City Cash	114.3	114.8	115.5	

The periodic changes in fund balance are 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.

General Fund Position

Cash

The City General Fund ended the month with a cash position of \$26 million. The general fund 90 day 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	38,067	39,417	-4%
Expense	36,212	36,495	-1%
Surplus	1,855	2,922	

Revenue Comments

- 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.
- The trend in FY2024 revenue towards a flat or very low increase in tax revenue continued, but still improved slightly from April; we are only 4% under the revenue budget.
 - This improvement is coming primarily from revenue sharing from the State Sales Tax and the State Income Tax coming in at or above budget, while other local taxes are below 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	7,106,082	7,055,860	50,222	1%
TELEPHONE UTILITY TAX	561,377	625,313	(63,936)	-11%
FOOD & BEVERAGE TAX	2,100,840	2,244,061	(143,221)	-7%
HOTEL AND MOTEL TAX	564,423	550,996	13,427	2%
LOCAL SALES TAX	6,689,970	6,663,191	26,779	0%
AVIATION FUEL TAX	15,951	4,000	11,951	75%
LOCAL USE TAX	1,396,188	1,650,260	(254,072)	-18%
AUTO RENTAL TAX	26,652	33,500	(6,848)	-26%
UTILITY TAX - ELECTRIC & GAS	2,447,495	2,921,191	(473,696)	-19%
VIDEO GAMING TAX	1,189,216	1,290,961	(101,745)	-9%
STREAMING TAX	-	-		
CABLE TV TAX	434,443	526,573	(92,130)	-21%
Sub Total	22,532,637	23,565,905	(1,033,269)	-5%

GENERAL GOVERNMENT (INTERGOV)				
LOCAL REPLACEMENT TAX	26,937	47,131	(20,194)	-75%
STATE REPLACEMENT TAX	1,070,164	1,528,025	(457,861)	-43%
STATE INCOME TAX	6,669,079	6,408,891	260,188	4%
FEDERAL GRANTS	370,969	550,000	(179,031)	-48%
STATE GRANTS OR OTHER	18,393	84,500	(66,107)	
POLICE OT REIMBURSEMENTS	26,971	43,500	(16,529)	-61%
CANNABIS TAX	58,668	51,000	7,668	13%
OPIOID TREATMENT FUNDING		-		
Sub Total	8,241,181	8,713,047	(471,866)	-6%
GENERAL GOVERNMENT (SERVICE)				
Sub Total	4,007,771	4,425,703	(417,932)	-10%
GENERAL GOV LICENSES/PERMITS				
Sub Total	1,259,455	756,898	502,557	40%
GENERAL GOV OTHER				
Sub Total	2,026,947	1,955,568	71,380	4%
General Fund Total (year-to-date)	38,067,991	39,417,121	(1,349,130)	-4%

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	7,106,082	49.0%	6,688,947	6.2%
Local Sales Tax (Gen Fund)	13,772,000	6,689,970	48.6%	6,415,907	4.3%
State Income Tax	11,675,000	6,669,079	57.1%	6,183,128	7.9%
Utility Tax (Gas/Electric)	5,002,000	2,447,495	48.9%	2,542,901	-3.8%
Food & Beverage Tax (Gen Fund)	4,571,000	2,100,840	46.0%	2,022,806	3.9%
Local Use Tax	3,011,000	1,396,188	46.4%	1,536,530	-9.1%
Video Gaming Tax	2,536,000	1,189,216	46.9%	1,212,188	-1.9%
State/Local Replacement Tax (Gen Fund)	2,599,000	1,097,102	42.2%	1,965,492	-44.2%
Hotel & Motel Tax	1,324,000	564,423	42.6%	540,344	4.5%
Cable TV Tax	1,031,000	434,443	42.1%	481,723	-9.8%

General Fund Expense Comments

On a year-to-date basis, general fund spending is \$36.2 million of a \$90.6 million revised budget.

- The Police Department’s first payment for the Emergency Communications Contract was over budget by about \$175,000; as a multi-jurisdictional, multi-agency, and multi-year acquisition process, it was very difficult to get an accurate cost estimate, and the final cost was more than anticipated.
- There was about \$1.6 million budgeted for transfers for capital and debt in the beginning of the year, and a total of \$2 million was actually transferred in February.
- Public Safety salary expenses are running under budget by \$1.3 million due to anticipated unfilled positions for the year.
- The Administration has developed General Fund what-if scenarios of a primary 5% non-salary expenditure reduction and an additional 5% reduction for backup if needed, and exploring potential revenue opportunities. Analyzing the impact of such reductions to services to the City will be taken into consideration before any reductions would be considered.
 - The Administration is holding off on mid-year reductions, due to the slight improvement in revenue. We will inform the City Council of any reductions to be implemented.

Year-to-date position of expense vs. budget

Expense numbers may not add due to rounding

	Actual	Yearly Revised Budget	% of Budget
General Government	7,145,114	16,945,863	42%
Developmental Services	2,004,536	4,509,978	44%
Public Safety	22,220,540	58,030,246	38%
Public Works	5,073,878	11,125,913	46%
General Fund Expense	36,212,217	90,612,000	40%

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	Balance	Comment
Federal HOME	\$208,621	Federally approved programs
Federal CDBG	\$5,016	Community Development Block Grant
State Drug Enforcement	\$458,724	Police programs
Federal Drug Enforcement	\$370,789	Police programs
Building Fund	\$611,346	R&M and capital of Library facility
Public Library	\$440,575	Operational fund of Library
Library Capital	\$757,079	Capital Expense requirements and cash reserves
Library Trust	\$62,454	Donations received in trust for specific purpose as defined by the donors and unavailable for other use
Local Roads and Streets	\$2,436,018	Street repairs and maintenance
Motor Fuel Tax	\$6,317,041	Street repairs and maintenance

Community Revitalization	\$944,951	Revitalization initiatives
2018 Project	\$0	General Obligation bond proceeds for construction of new fire stations to be funded from ARP revenue replacement as per Council approval.
Capital Project	\$4,460,071	Special projects of \$2 million contained here
Equipment Replacement	\$1,245,229	Police, fire and public works capital requirements including vehicle replacements
Debt Fund	\$34,767	Debt payments on current debt issues
Fleet Maintenance	\$1,314,998	Repair and maintenance of city vehicle fleet
Risk Management	\$5,569,755	Cash reserves for ongoing business insurance costs including liability, property, & worker's compensation
Employee Insurance	\$388,049	Coverage for healthcare and other benefit expenses.
Public Transit	-\$170,833	Operational and capital funding of the transit system
Fiber Optics	\$824,679	City investment in the next phase of a fiber optic network
Storm Water	\$3,556,983	Balance and ongoing cash flow is sufficient to fund currently defined storm water projects
Sewer	\$13,880,642	Balance and ongoing cash flow is sufficient to fund currently defined sewer projects
Water Utility	\$6,221,985	Balance and ongoing cash flow is sufficient to fund currently defined water projects. The City will spread funding \$6 million of water capital projects over calendar year 2024.
Water Capital	\$5,609,584	Capital projects
2022 Bond Fund	\$18,179,847	Bond revenues in FY22
Grant	-\$296	Unbudgeted FY2022 grants
ARP	\$0	Federal ARP funds as per city budget, which will be adjusted as per audit review and final grant reporting.

Investments

City investments include about \$54.4 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

Total debt at the start of FY2024 consists of General Obligation (GO) bonds (\$118.7 million), promissory notes or bank loans (\$14.3 million), and Illinois Environmental Protection Agency (IEPA) construction loans (\$22.3 million). Portions of this debt outstanding at the start of FY2024 is obligated to the General Fund, Water Fund, Sewer Fund, and Stormwater Fund.

- Total General Fund debt is \$26.0 million of GO bonds and bank loans for vehicles.
- Total Water Fund debt is \$110.0 million for GO bonds, a promissory note, and an IEPA loan.
- Total Sewer Fund debt is \$16.6 million for IEPA loans.
- Total Stormwater debt is \$2.7 million for an IEPA loan.

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 \$20.5 million, with \$104.0 million year-to-date. The total is 37.1% 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 \$15,783,290 million, excluding TIF districts. The tax rate is at 1.50910% (which is a decrease from last year) of the EAV of \$1,045,874,256 with another \$18.1 million for the TIF districts. The City property tax levy is about 16% of the total property tax rate for City property owners.

The first installment of the tax levy arrives in July.

Expenditure Tracking

City-wide expenses during the reporting period were \$15.0 million and \$108.2 million year-to-date. The total is 35.3% 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

Full-time staffing level is 444 FTEs versus budget of 475 FTEs. There are 30 part-time and temp employees.