



CITY OF DECATUR ILLINOIS

ONE GARY K. ANDERSON PLAZA

DECATUR, ILLINOIS 62523

Treasurers Financial Report January 2023

The Year in Play

The total revised budget for fiscal year 2023 authorizes \$274.5 million in expenditures, against a removed amount of \$236.5 million in authorized revenues.

The General Fund budget, as a part of the adopted City budget, includes General Fund Revenue of \$87.1 million and Expense of \$88.8 million, representing an in-period balanced budget.

City Financial Position

The City of Decatur ended the month with a total cash position of \$131.8 million (excluding trust and agency funds earmarked for Police and Fire pensions) versus the cash position of \$130.5 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 \$25.1 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 110 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 (\$24.2 million), TIF Redevelopment funds (\$3 million), Capital funds (\$4.2 million), Debt Service fund (\$1.3 million), Internal Service funds (\$4.4 million) and Enterprise funds (\$68.8 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	Nov-22	Dec-22	Jan-23	Comment
Special Revenue	16.5	24.5	24.2	Library, State MFT, Local MFT, Federal programs, etc.
TIF Redevelopment	3.8	2.9	3.01	Debt service and redevelopment agreement obligations
Capital	20.2	4.4	4.2	Capital funding available
Debt	2.1	1.2	1.3	Debt service obligations
Internal Service	4.8	4.4	4.4	Risk insurance, EE healthcare benefits, Fleet maintenance
Enterprise	64.6	67.5	68.8	Utilities – Water, Sewer, Storm Water, Transit, Recycling, Fiber
Non-General Fund	112	104.9	105.91	
General Fund	24.5	25.1	25.7	Basic services to citizens and stakeholders
Total City Cash	136.5	130.5	131.8	

Changes of note in the period:

- Because accounting principles require that funds do not end in a negative cash balance, at the end of FY2022, funds were transferred between funds with negative balances, such as Transit. These transfers were reversed for January in FY2023.

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 110 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)	Budget(4)	Year to Date(1)	Budget Target(2)	% vs Target(3)
Revenue	87,097	6,479	6,173	5%
Expense	88,862	5,934	7,234	-22%
Surplus	(1,765)	545	(1,061)	

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

4 – annual budget from Council Adoption

Revenue Comments (of significant matters)

- The revenue estimates are based upon the FY2022 actual collections. For example, if 10% of a revenue was received in FY2022 in January, the FY2023 budgeted amounts, with certain exceptions, are budgeted to come at 10% in January.
- Local and state economic indicator taxes, which are distributed with a 1-3 month lag between merchant collection and distribution to the city are generally positive compared to last year.

General Fund Revenue

Revenue to date through the period is \$6.47 million versus budget to date revenue of \$6.17 million, above budget by 5%.

Year to date position of revenue vs. budget

GENERAL GOV TAXES	Actual YTD	Budget YTD	vs Budget	% vs Budget
PROPERTY TAX	-	-	-	
MOBILE HOME PRIVILEGE TAX	-	-	-	
STATE SALES TAX	1,155,830	1,093,915	61,915	5%
TELEPHONE UTILITY TAX	100,718	99,599	1,119	1%
FOOD & BEVERAGE TAX	349,168	348,754	414	0%
HOTEL AND MOTEL TAX	71,531	67,005	4,526	6%
LOCAL SALES TAX	1,142,635	1,061,839	80,796	7%
AVIATION FUEL TAX	1,191	667	524	44%
LOCAL USE TAX	253,475	230,488	22,987	9%
AUTO RENTAL TAX	4,404	3,827	578	13%
UTILITY TAX - ELECTRIC & GAS	494,772	481,013	13,759	3%
VIDEO GAMING TAX	187,712	188,820	(1,108)	-1%
CABLE TV TAX	11,674	13,892	(2,218)	-19%
Sub Total	3,773,110	3,589,818	183,292	5%
GENERAL GOVERNMENT (INTERGOV)				
LOCAL REPLACEMENT TAX	2,484	-	2,484	100%
STATE REPLACEMENT TAX	538,022	212,434	325,589	61%
STATE INCOME TAX	1,049,580	1,018,531	31,049	3%
FEDERAL GRANTS	-	-	-	
STATE GRANTS OR OTHER	-	12,500	(12,500)	
POLICE OT REIMBURSEMENTS	2,821	7,199	(4,378)	-155%
CANNABIS TAX	8,951	10,165	(1,214)	-14%
ADDI REIMBURSEMENTS	480	-	-	
Sub Total	1,602,338	1,260,829	341,030	21%
GENERAL GOVERNMENT (SERVICE)				
Sub Total	700,490	721,884	(21,394)	-3%
GENERAL GOV LICENSES/PERMITS				
Sub Total	27,033	295,967	(268,934)	-995%
GENERAL GOV OTHER				
Sub Total	376,159	304,776	71,384	19%
General Fund Total (year-to-date)	6,479,130	6,173,274	305,857	5%

Revenue numbers may not add due to rounding

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	13,914,000	1,155,830	8.3%	1,021,688	13.1%
Local Sales Tax (Gen Fund)	13,334,000	1,142,635	8.6%	992,643	15.1%
State Income Tax	11,874,000	1,049,580	8.8%	960,878	9.2%
Utility Tax (Gas/Electric)	5,337,000	494,772	9.3%	451,231	9.6%
Food & Beverage Tax (Gen Fund)	3,997,000	349,168	8.7%	325,939	7.1%
State Local Use Tax	3,020,000	253,475	8.4%	215,409	17.7%
Video Gaming Tax	2,386,000	187,712	7.9%	186,950	0.4%
State Replacement Tax (Gen Fund)	2,000,000	538,022	26.9%	379,831	41.6%
Hotel & Motel Tax	1,152,000	71,531	6.2%	62,215	15.0%
Cable TV Tax	1,034,000	11,674	1.1%	13,687	-14.7%

General Fund Expense Comments

On a year-to-date basis, general fund spending is \$5.93 million of a \$88.6 million budget.

Year to date position of expense vs. budget

	Actual	Yearly Budget	% of Budget
General Government	1,204,660	19,103,490	6%
Developmental Services	288,832	4,287,539	7%
Public Safety	3,650,425	54,833,436	7%
Public Works	792,865	11,045,035	7%
General Fund Expense	5,934,492	88,862,000	7%

Expense numbers may not add due to rounding

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

The Trust & Agency Fund balance of \$207 million 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	\$ 12,468	Federally approved programs
Federal CDBG	\$ 12,652	Community Development Block Grant
State Drug Enforcement	\$ 28,946	Police programs
Federal DUI Drug Enforcement	\$ 408,109	Police programs
Building Fund	\$ 925,190	R&M and capital of Library facility
Public Library	\$ 1,534,838	Operational fund of Library
Library Capital	\$ 994,272	Capital Expense requirements and cash reserves
Library Trust	\$ 105,559	Donations received in trust for specific purpose as defined by the donors and unavailable for other use
Local Roads and Streets	\$ 1,776,547	Street repairs and maintenance
Motor Fuel Tax	\$ 6,164,809	Street repairs and maintenance
Community Revitalization	\$ 10,927,038	Revitalization initiatives
2018 Project	\$ 571,698	General Obligation bond proceeds for construction of new fire stations
Capital Project	\$ 26,114	Minimal funding available
Equipment Replacement	\$ 848,394	Police, fire and public works capital requirements including vehicle replacements
Debt Fund	\$ 1,298,763	Debt payments on current debt issues
Fleet Maintenance	\$ 484,542	Repair and maintenance of city vehicle fleet
Risk Management	\$ 3,431,429	Cash reserves for ongoing business insurance costs including liability, property, & worker's compensation
Employee Insurance	\$ 505,337	Coverage for healthcare and other benefit expenses.
Public Transit Operations	\$ (298,520)	Operational and capital funding of the transit system
Fiber Optics	\$ 338,310	City investment in the next phase of a fiber optic network
Storm Water	\$ 2,980,087	Balance and ongoing cash flow is sufficient to fund currently defined storm water projects
Sewer	\$ 12,912,647	Balance and ongoing cash flow is sufficient to fund currently defined sewer projects
Water Utility	\$ 10,833,659	Balance and ongoing cash flow is sufficient to fund currently defined water projects.
2022 Bond Fund	\$ 4,407,456	Bond revenues in FY22
Grant	\$ 162,246	Unbudgeted FY2022 grants
ARP	\$ 2,665,835	Federal ARP funds as per city budget

Investments

City investments include about \$10.5 million in US Treasury Bonds and an additional \$20 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 \$158 million at the end of FY22. 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 is \$10.6 million. This is 4.5% of the annual revenue budget of \$236 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.

Expenditure Tracking

City-wide expenses during the reporting period were \$15.2 million, which is 5.5% of the annual revised expense budget of \$274.5 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 \$1.3 million of expenses over revenue. In FY2022, the comparable was \$1 million revenue over expenses. In debt payments for the Fiscal Year, about \$180 thousand 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 18 part-time and temp employees.