

Inter-Office Memorandum

August 1, 2024

To: Pete Landrum, City Manager
Mayor Adams, Vice Mayor Bales and City Council Members

From: Sam Braun, Interim Finance Director

Subject: Financial Analysis – Second Quarter 2024

Attached is the quarterly “Summary of Revenue and Expenditures” report (Exhibit 1) that illustrates the revenue and the expenditures received or incurred in the second quarter of 2024 for selected funds.

Included with this report is the 2024 amended budget (amended means it includes additional appropriations and certified revenue approved by Council after the initial appropriation ordinance was passed in December 2023), along with year-to-date revenues and expenditures. I think it is important to not only compare the 2024 totals to the total budget, but to compare this year’s totals to the 2023 year to date numbers.

Below I have highlighted some areas that have significant variances between either what was budgeted compared to actual or in comparison to last year’s revenues and expenditures (See Exhibit 1).

General Fund:

Revenues:

- *Property Tax Revenue:* Property tax revenues are in line with estimates, at 53% through the first half of the year. It is typical to collect around 53% of expected property taxes in the first half of the calendar year. Property tax revenue from inside millage is up about 20% from last year due to the reappraisal.
- *Rollback/Homestead:* Revenue from Homestead and rollbacks have increased due to higher property tax charges from the reappraisal. Inside millage property tax revenue can increase from a reappraisal, whereas voted levies will not increase.
- *Intergovernmental Revenue:* LGF, cigarette tax, liquor tax and hotel/motel tax are all beating projections through the second quarter, intergovernmental revenue is at 63% of the year’s estimate. LGF is down about \$30K from last year due to reduced state income tax revenues. Hotel/motel tax is up about \$23K thanks to extending the tax to Airbnb’s.
- *Interest Revenue:* Year to date revenue is \$650K, running well above our projection that was only \$750K for the entire year. This significant increase is the direct result of the Federal Reserve increasing the “Fed Rate” starting in 2023. Attached is (Exhibit 3), which is the second quarter recap of all investments for your review.

Expenditures:

- *General Fund:* Overall, expenses are tracking a bit below budget through the first half of the year, 42%.
- *Community Enhancement:* This division started with the passage of the 2024 budget. The majority of the expenditures spent in the first quarter related to the implementation of the veteran banner program. Funds were collected for the banners and the hardware was purchases in the first quarter. Printing and installation happened in the beginning of the second quarter.
- *Contractual Services:* Liability insurance is up 35% from 2023, but is being covered with reserves the City has accumulated from prior years.
- *Building Maintenance and Capital Improvements:* Nothing spent yet, but should come later in the year.

Police Fund:

Revenues:

- *Property Taxes:* The City received approximately \$6.3M in property taxes, which was \$1.5M more than last year. This was the result of being the first year of collection on the new 1.8 mill levy passed in May of 2023. 54% of the projections is a good total for the first half of the year.

- *Rollback/Homestead:* This appears to have been budgeted too high as the new police levy receives no rollbacks, only 33% of the projection has arrived despite being halfway through the year.
- *Other Revenue:* An insurance reimbursement has pushed this revenue in excess of 2023 and our estimates.

Expenditures:

- Police Department expenditures are 43% of the 2024 budget. Overall this is right in line with expectations.
- All departments were operating well within the budget for the first half of the year with the exception of the Police Administration and Dispatch. This was the result of the Police Chief retiring and the payout of his accrued benefit hours in January. The dispatch charges are timing.
- Budgeted building improvements have been slow due to timing.

Street Levy Fund:

Revenues:

- The City has received approximately \$6.4M in property taxes, which was \$138K or 2.1% ***less*** than last year. This was the result of the property tax reappraisal process. This illustrates perfectly the effects of a property reappraisal on voted levies. As property values increase, the effective millage rate decreases to ensure the City receives about the same revenue amount it would have received before and after the reappraisal. Therefore, despite an increase in property values the amount of revenue generated by the voted tax levies remains relatively constant. 53% of the budgeted yearly projection is a solid number for the first half.
- *Fees, Licenses and Permits:* This revenue source exploded to \$121K in the first quarter as a result of the permits and inspection fees associated with three new developments. These projects include Autumn Creek, Sky Crossing and Amberwood.
- *Intergovernmental Revenue:* Only appears to be down due to the timing of ODOT grants.
- *Other Revenue:* Sale of assets and an insurance reimbursement have sent this category well above estimates.

Expenditures:

- Most Street divisions are at or below the operating expenditures for the first quarter except for the following:
 - Administration: Timing of software subscription payment
 - Traffic Safety: Purchase of new truck in first quarter throwing off budget percentage and year to year comparisons.
- Capital expenditures for road construction should come later in the year.

Street Maintenance (204)

Revenues:

The Street Maintenance Fund (Fund 204) receives the majority of its funding from gasoline taxes and license fees.

- *Intergovernmental Revenue:* Permissive, gasoline and license fees are near projections. Our expected pass through grant has not yet arrived, making overall revenue appear to be down, but that is timing.
- *Other Revenue:* Interest income and sale of assets are way ahead of estimates, having already surpassed their projections for the entire year.

Expenditures:

- All Street divisions are at or below the operating expenditures through two quarters. Snow and Ice division showed a significant decrease due to the reduction in snow and ice events and the fact the City was not stockpiling reserves due to the salt barn construction. A fuel refund has helped drive street maintenance lower.
- Paving and other capital expenses are expected to hit in the second half of the year.

Recreation Levy Fund (279):

Revenues:

- *Property Taxes:* The City has received \$908K from this levy, which represents a \$19K or 2.1% ***decrease*** versus 2023. This is another example of reappraisals not increasing revenue for existing voted levies. 53% first half collection puts us in a good position to reach our budgeted amount for 2024 property taxes.

- Charges for services are up across the board and have hit 83% of the projected total in just the first two quarters of 2024. Fitness, summer camp, senior classes and rec programs are among the leaders.

Expenditures:

- All Park and Senior Center divisions are at or below expenditures budgets through two quarters with the exception of capital, and that is timing.

Golf Course:

Revenues:

- The golf course is exceeding last year's record revenue through two quarters, as noted below:
 - Green fee revenues year to date are \$380K or \$38K more than last year at this time. This is the result of the increase in rounds and a green fee increase implemented this year.
 - Cart revenue is \$156K compared to \$140K last year.
 - Merchandise sales (special orders and pro shop sales) increased to \$52K compared to \$47K last year.
 - Driving range showed an increase to \$71K versus \$64k last year.
 - Food and Beverage revenue has expanded this year. Revenue is \$102K versus \$89K at the same time last year.
 - Overall, revenue is up \$62K year over year, and we have reached 55% of our 2024 revenue projection.

Expenditures:

- Operating expenditures are at 50% of the 2024 budget. Capital expenditures are only at 9% of the budget, but that is due to the timing of debt payments and facility improvements.
- The year to date net operating **loss** (golf and F&B) is \$73K compared to a net operating **loss** of \$159K through two quarters last year. The increase in golf activity and a reduction of operating expenses, plus a timing issue with respect to the \$70K in fertilizer purchases has improved our position in 2024.
- Golf credit card fees will be increasing in July as the finance department made a post to correct the fees from past months. The adjustment was about \$50K and will show up on the next quarterly recap. This may cause operations costs to finish high for the year.
- The erosion control project was completed in the first quarter of 2024. This included reinforcement of the creek banks on holes #9 & #11. Using ARPA funds means there is no impact on the golf course budget.

Overtime: Overtime is \$180K through two quarters, which is a decrease of \$8K (or approximately 4.5%) over last year. Snow and ice drove the overtime decrease, down \$9.3K. We have only spent 31% of the 2024 overtime budget.

Investments: (Exhibit 3)

The Finance Department immediately transfers property tax funds to the Star Ohio fund to increase short term interest. The returns with Star Ohio have been around 5.5% for most of 2024. Anticipating decreases in the Fed Rate this fall, the City has found several longer-term investments to lock in rates over the next three to five years. These opportunities have been exercised in the first half of 2024 with available funds employed to replace low interest maturing investments. Overall, the City's return on investments is 4.76%, which is 0.33% below the 12 month treasury benchmark. Interest income in the first half of 2024 is well ahead of estimates, already reaching 90% of the entire year's projection.

Summary: In summary, all major City funds operated within the 2024 budget unless noted above. Major revenues are tracking with estimates unless noted above. Please contact me with any questions.

Enc: Summary of Revenue and Expenditures 2nd Quarter 2024 (Exhibit 1)
Property/Personal Property Tax & Local Government Fund Analysis (Exhibit 2)
Investment Summary – 2nd Quarter FY 2024 (Exhibit 3)

Exhibit 1

GENERAL FUND (101)					
REVENUE	AMENDED 2024 BUDGET*	2ND QUARTER 2024 YTD ACTUAL	2ND QUARTER 2023 YTD ACTUAL	2023-2024 COMPARISON	% FY 2024 REV/EXP
PROPERTY TAXES	\$ 2,021,460	\$ 1,078,687	\$ 902,535	\$ 176,152	53%
FEES, LICENSE & PERMITS	\$ 606,000	\$ 269,794	\$ 305,639	\$ (35,845)	45%
INTERGOVERNMENTAL REVENUES	\$ 1,535,457	\$ 962,285	\$ 884,264	\$ 78,021	63%
SPECIAL ASSESSMENTS	\$ 115,000	\$ 71,514	\$ 70,858	\$ 657	62%
CHARGES FOR SERVICES	\$ 139,526	\$ 67,214	\$ 89,148	\$ (21,935)	48%
INTEREST	\$ 750,000	\$ 650,019	\$ 500,450	\$ 149,568	87%
OTHER REVENUES/TRANSFERS	\$ 989,493	\$ 609,749	\$ 416,082	\$ 193,666	62%
TOTAL REVENUE	\$ 6,156,936	\$ 3,709,262	\$ 3,168,976	\$ 540,286	60%
% Increase/(Decrease) over 2023				17.0%	
EXPENDITURES					
COUNCIL	\$ 201,617	\$ 104,923	\$ 93,250	\$ 11,673	52%
CLERK	\$ 74,597	\$ 26,831	\$ 26,434	\$ 397	36%
COMMUNITY ENHANCEMENT	\$ 57,672	\$ 22,712	\$ -	\$ 22,712	39%
CITY MANGER	\$ 731,965	\$ 332,178	\$ 202,375	\$ 129,803	45%
HR/RISK MGMT	\$ 207,370	\$ 95,149	\$ 74,323	\$ 20,826	46%
FINANCE	\$ 657,032	\$ 242,904	\$ 238,085	\$ 4,819	37%
INFORMATION TECHNOLOGY	\$ 171,246	\$ 86,129	\$ 88,994	\$ (2,864)	50%
CONTRACTUAL SERVICES	\$ 526,949	\$ 287,081	\$ 251,030	\$ 36,051	54%
BLDG FACILITIES MAINTENANCE	\$ 446,012	\$ 54,789	\$ 77,626	\$ (22,837)	12%
CEMETERY MAINTENANCE	\$ 267,765	\$ 124,531	\$ 118,555	\$ 5,976	47%
PLANNING & DEVELOPMENT	\$ 739,306	\$ 370,225	\$ 320,430	\$ 49,795	50%
PLANNING & ZONING BOARDS	\$ 6,761	\$ 1,143	\$ 2,479	\$ (1,336)	17%
DISTRICT LIGHTING	\$ 114,000	\$ 50,662	\$ 36,800	\$ 13,862	44%
CAPITAL IMPROVEMENTS	\$ 577,000	\$ 54,435	\$ 54,977	\$ (542)	9%
TRANSFERS OUT	\$ 1,171,555	\$ 632,985	\$ 1,136,376	\$ (503,391)	54%
TOTAL EXPENDITURES	\$ 5,950,847	\$ 2,486,678	\$ 2,721,733	\$ (235,056)	42%
% Increase/(Decrease) over 2023				(8.6%)	
POLICE LEVY FUND (202)					
REVENUE	AMENDED 2024 BUDGET*	2ND QUARTER 2024 YTD ACTUAL	2ND QUARTER 2023 YTD ACTUAL	2023-2024 COMPARISON	% FY 2024 REV/EXP
TAXES	\$ 11,586,120	\$ 6,313,879	\$ 4,819,306	\$ 1,494,573	54%
FEES, LICENSES, & PERMITS	\$ 96,600	\$ 42,560	\$ 44,498	\$ (1,939)	44%
INTERGOVERNMENTAL REVENUES	\$ 1,785,738	\$ 786,702	\$ 669,587	\$ 117,115	44%
CHARGES FOR SERVICES	\$ 221,529	\$ 218,940	\$ 214,165	\$ 4,775	99%
OTHER REVENUE	\$ 184,845	\$ 212,079	\$ 82,031	\$ 130,048	115%
TOTAL REVENUE	\$ 13,874,832	\$ 7,574,160	\$ 5,829,587	\$ 1,744,573	55%
% Increase/(Decrease) over 2023				29.9%	
EXPENDITURES					
BLDG FACILITIES MAINT	\$ 514,014	\$ 88,841	\$ 86,827	\$ 2,014	17%
POLICE ADMIN	\$ 387,078	\$ 212,272	\$ 171,358	\$ 40,914	55%
SUPPORT SERVICES	\$ 2,000,158	\$ 914,737	\$ 842,211	\$ 72,526	46%
EMERGENCY DISPATCH -911 Funds	\$ 67,135	\$ 39,335	\$ 37,600	\$ 1,734	59%
CORRECTIONS	\$ 284,889	\$ 102,600	\$ 100,900	\$ 1,699	36%
ALLOCABLE SUPPORT	\$ 1,940,567	\$ 915,485	\$ 811,264	\$ 104,221	47%
SPECIAL SERVICES	\$ 1,345,863	\$ 531,835	\$ 587,313	\$ (55,478)	40%
POLICE OPERATIONS	\$ 6,467,827	\$ 2,776,845	\$ 2,609,995	\$ 166,850	43%
OFF DUTY TRUST ACCOUNT	\$ 61,225	\$ 5,215	\$ 6,706	\$ (1,491)	9%
COPP PROGRAM	\$ 3,300	\$ 1,055	\$ 68	\$ 987	32%
TOTAL EXPENDITURES	\$ 13,072,055	\$ 5,588,218	\$ 5,254,241	\$ 333,977	43%
% Increase/(Decrease) over 2023				6.4%	

STREET LEVY (203)					
REVENUE	AMENDED 2024 BUDGET*	2ND QUARTER 2024 YTD ACTUAL	2ND QUARTER 2023 YTD ACTUAL	2023-2024 COMPARISON	% FY 2024 REV/EXP
TAXES	\$ 9,332,310	\$ 4,953,310	\$ 5,057,731	\$ (104,421)	53%
FEES, LICENSE & PERMITS	\$ 18,600	\$ 124,887	\$ 5,918	\$ 118,969	671%
INTERGOVERNMENTAL REVENUES	\$ 1,970,808	\$ 489,324	\$ 310,780	\$ 178,544	25%
OTHER REVENUES	\$ 145,125	\$ 195,564	\$ 71,440	\$ 124,125	135%
TOTAL REVENUE	\$ 11,466,843	\$ 5,763,085	\$ 5,445,868	\$ 317,217	50%
% Increase/(Decrease) over 2023				5.8%	
EXPENDITURES					
BLDG FACILITIES MAINT	\$ 572,451	\$ 209,851	\$ 111,376	\$ 98,475	37%
STREET INSPECTION	\$ 923,079	\$ 434,390	\$ 379,821	\$ 54,569	47%
ADMINISTRATION	\$ 885,026	\$ 545,878	\$ 414,517	\$ 131,361	62%
STREET MAINTENANCE	\$ 3,909,778	\$ 1,337,670	\$ 1,012,415	\$ 325,256	34%
SNOW & ICE CONTROL	\$ 154,015	\$ 61,820	\$ 40,265	\$ 21,555	40%
WEED & GRASS CONTROL	\$ 487,497	\$ 211,637	\$ 268,115	\$ (56,478)	43%
VEHICLE & EQUIP MAINT.	\$ 332,655	\$ 153,606	\$ 158,756	\$ (5,150)	46%
TRAFFIC SAFETY	\$ 1,116,336	\$ 722,586	\$ 380,909	\$ 341,677	65%
STORM WATER MAINT.	\$ 409,954	\$ 198,151	\$ 162,220	\$ 35,931	48%
Total Operating Expenditures	\$ 8,790,792	\$ 3,875,588	\$ 2,928,393	\$ 947,195	44%
% Increase/(Decrease) over 2023				32.3%	
CURRENT YEAR CAPITAL	\$ 6,448,608	\$ 1,104,630	\$ 701,920	\$ 402,710	17%
TOTAL EXPENDITURES	\$ 15,239,401	\$ 4,980,218	\$ 3,630,314	\$ 1,349,905	33%
% Increase/(Decrease) over 2023				37.2%	
STREET MAINTENANCE FUND (204)					
REVENUE	AMENDED 2024 BUDGET*	2ND QUARTER 2024 YTD ACTUAL	2ND QUARTER 2023 YTD ACTUAL	2023-2024 COMPARISON	% FY 2024 REV/EXP
COUNTY VEHICLE PERMISSIVE TAX	\$ 240,000	\$ 123,532	\$ -	\$ 123,532	51%
GASOLINE/LICENSE TAXES	\$ 3,091,100	\$ 1,520,807	\$ 1,461,650	\$ 59,157	49%
GRANTS-PASS THROUGH	\$ 2,135,090	\$ -	\$ 537,567	\$ (537,567)	0%
TOWNSHIP FUEL	\$ 173,170	\$ 97,374	\$ 91,639	\$ 5,734	56%
INTEREST	\$ 8,000	\$ 35,775	\$ 5,843	\$ 29,931	447%
OTHER REVENUES	\$ 12,000	\$ 68,237	\$ -	\$ 68,237	569%
TOTAL REVENUE	\$ 5,659,360	\$ 1,845,724	\$ 2,096,699	\$ (250,976)	33%
% Increase/(Decrease) over 2023				(12.0%)	
EXPENDITURES					
STREET MAINTENANCE	\$ 470,740	\$ 125,149	\$ 164,286	\$ (39,137)	27%
ANNUAL PAVING	\$ 1,072,366	\$ 47,182	\$ 174,057	\$ (126,875)	4%
SNOW & ICE CONTROL	\$ 553,318	\$ 72,881	\$ 196,729	\$ (123,847)	13%
CAPITAL IMPROVEMENTS	\$ 5,896,261	\$ 422,496	\$ 1,125,635	\$ (703,139)	7%
TOTAL EXPENDITURES	\$ 7,992,684	\$ 667,709	\$ 1,660,707	\$ (992,998)	8%
% Increase/(Decrease) over 2023				(59.8%)	
STREET CAPITAL IMPROVEMENT LEVY FUND (260)					
REVENUE	AMENDED 2024 BUDGET*	2ND QUARTER 2024 YTD ACTUAL	2ND QUARTER 2023 YTD ACTUAL	2023-2024 COMPARISON	% FY 2024 REV/EXP
PROPERTY TAX	\$ 2,800,930	\$ 1,490,822	\$ 1,524,661	\$ (33,838)	53%
INTERGOVERNMENTAL - GRANTS	\$ 57,160	\$ 1,766,282	\$ 105,645	\$ 1,660,637	3090%
TOTAL REVENUE	\$ 2,858,090	\$ 3,257,104	\$ 1,630,305	\$ 1,626,799	114%
% Increase/(Decrease) over 2023				99.8%	
EXPENDITURES					
ANNUAL PAVING	\$ 1,410,024	\$ 19,738	\$ 48,066	\$ (28,328)	1%
CAPITAL IMPROVEMENTS	\$ 5,377,210	\$ 1,984,819	\$ 1,061,890	\$ 922,929	37%
TOTAL EXPENDITURES	\$ 6,787,234	\$ 2,004,557	\$ 1,109,956	\$ 894,601	30%
% Increase/(Decrease) over 2023				80.6%	

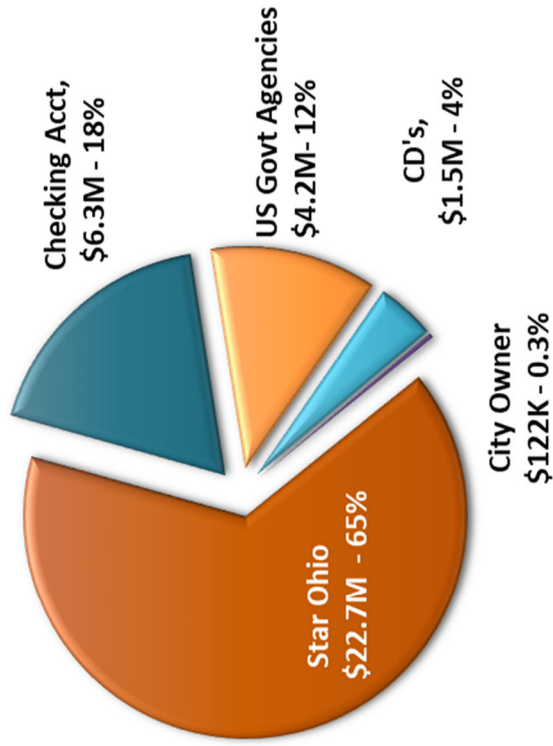
RECREATION LEVY FUND (279)					
REVENUE	AMENDED 2024 BUDGET*	2ND QUARTER 2024 YTD ACTUAL	2ND QUARTER 2023 YTD ACTUAL	2023-2024 COMPARISON	% FY 2024 REV/EXP
PROPERTY TAX	\$ 1,706,234	\$ 908,483	\$ 927,925	\$ (19,442)	53%
INTERGOVERNMENTAL - GRANTS	\$ 340,960	\$ 165,546	\$ 310,488	\$ (144,942)	49%
CHARGES FOR SERVICES	\$ 436,045	\$ 354,348	\$ 327,380	\$ 26,968	81%
DONATIONS & OTHER REVENUE	\$ 45,350	\$ 38,040	\$ 40,751	\$ (2,710)	84%
TRANSFERS IN FROM GF	\$ 340,000	\$ 220,000	\$ 120,000	\$ 100,000	65%
TOTAL REVENUE	\$ 2,868,589	\$ 1,686,417	\$ 1,726,544	\$ (40,127)	59%
% Increase/(Decrease) over 2023				(2.3%)	
EXPENDITURES					
PARKS MAINTENANCE	\$ 1,787,612	\$ 894,720	\$ 829,446	\$ 65,274	50%
RECREATIONAL PROGRAMS	\$ 326,314	\$ 142,670	\$ 127,548	\$ 15,122	44%
SENIOR LEVY SERVICES	\$ 550,558	\$ 279,366	\$ 297,289	\$ (17,924)	51%
CAPITAL	\$ 373,586	\$ 9,888	\$ 193,031	\$ (183,143)	3%
TRANSFER OUT	\$ 134,200	\$ 67,100	\$ 63,500	\$ 3,600	50%
TOTAL EXPENDITURES	\$ 3,172,270	\$ 1,393,743	\$ 1,510,814	\$ (117,071)	44%
% Increase/(Decrease) over 2023				(7.7%)	
GOLF COURSE FUND (572)					
REVENUE	AMENDED 2024 BUDGET*	2ND QUARTER 2024 YTD ACTUAL	2ND QUARTER 2023 YTD ACTUAL	2023-2024 COMPARISON	% FY 2024 REV/EXP
GOLF & PRO SHOP	\$ 1,312,000	\$ 776,556	\$ 717,731	\$ 58,825	59%
FOOD & BEVERAGE REVENUE	\$ 222,500	\$ 122,531	\$ 110,263	\$ 12,268	55%
Total Operating Revenue	\$ 1,534,500	\$ 899,087	\$ 827,995	\$ 71,092	59%
% Increase/(Decrease) over 2023				8.6%	
MISC. REVENUE	\$ 15,000	\$ 173	\$ 19,995	\$ (19,822)	1%
REFUNDS & REIMBURSEMENT	\$ 20,507	\$ 6,218	\$ 4,753	\$ 1,465	30%
TRANSFERS IN FROM GF & MISC.	\$ 737,141	\$ 368,571	\$ 802,126	\$ (433,556)	50%
TOTAL REVENUE	\$ 2,307,148	\$ 1,274,048	\$ 1,654,869	\$ (380,821)	55%
% Increase/(Decrease) over 2023				(23.0%)	
EXPENDITURES					
OPERATIONS	\$ 973,639	\$ 481,766	\$ 491,161	\$ (9,395)	49%
FOOD & BEVERAGE	\$ 210,429	\$ 96,863	\$ 86,592	\$ 10,271	46%
MAINTENANCE	\$ 766,268	\$ 394,069	\$ 409,963	\$ (15,894)	51%
Total Operating Expenditures	\$ 1,950,336	\$ 972,698	\$ 987,717	\$ (15,019)	50%
% Increase/(Decrease) over 2023				(1.5%)	
CAPITAL EXPENDITURE	\$ 374,600	\$ 24,431	\$ 17,115	\$ 7,316	7%
BOND AND INTEREST PAYMENT	\$ 73,200	\$ 6,600	\$ 852,900	\$ (846,300)	9%
TOTAL EXPENDITURES	\$ 2,398,136	\$ 1,003,729	\$ 1,857,732	\$ (854,003)	42%
% Increase/(Decrease) over 2023				(46.0%)	
NET OPERATING GAIN (LOSS)	\$ (415,836)	\$ (73,611)	\$ (159,722)	\$ 86,111	18%

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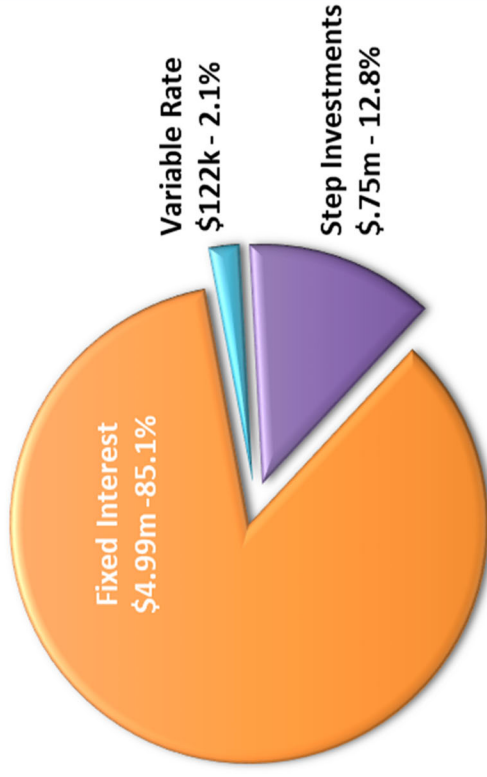
CITY OF BEAVERCREEK INVESTMENT SUMMARY - June 30, 2024

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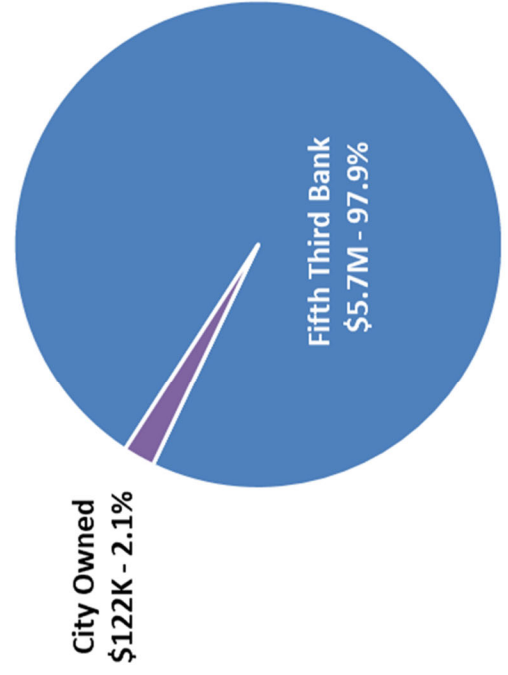
Investment by Type



Investment Earnings Type



Investment by Broker



Maturity Schedule

