



**CITY OF DAVENPORT**  
Office of Finance Administration  
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**MEMORANDUM**

December 5, 2017

**TO:** Corri Spiegel, City Administrator  
Brandon Wright, CFO/Assistant City Administrator

**FROM:** Lauren Gonner, Budget & Performance Officer

**RE:** FY 2018 Monthly Financial Update – Through October 2017

Below is a summary report of the city's main operating funds as of October 31, 2017 for FY 2018. Information is provided for the General Fund, Trust & Agency Fund, and Employee Health Fund. As the year advances, accuracy of year-end projections should continue to increase.

**GENERAL FUND**

As of the end of October, General Fund operating departments ended below expected spending levels. With 33.7% of the year completed, 30.8% of overall budgeted expenditures have been spent. Payroll costs, which are the main driver of the General Fund, are at 31.7% of budgeted levels, which is slightly above the expected level of 30.8%. The slightly higher-than-expected amount is due to overtime and one-time payments for educational incentives and sick leave refunds at the beginning of the year for the Public Safety Departments.

OVERALL DEPARTMENT BUDGET SUMMARY			
Department	Budget	YTD	%
City Council	341,026	134,663	39.5%
Mayor's Office	122,625	34,103	27.8%
Finance	1,301,067	383,926	29.5%
Administration	828,011	235,380	28.4%
Human Resources	684,524	200,014	29.2%
CPED	779,532	159,849	20.5%
Civil Rights	320,092	91,224	28.5%
NSD	852,720	232,964	27.3%
Public Works	4,443,492	1,060,225	23.9%
Police Department	17,884,747	5,720,621	32.0%
Fire Department	12,323,075	3,841,763	31.2%
Parks	3,874,042	1,372,504	35.4%
Library	2,457,728	785,749	32.0%
<b>Total</b>	<b>46,212,681</b>	<b>14,252,985</b>	<b>30.8%</b>

OVERTIME SUMMARY			
Department	Budget	YTD	%
Finance	2,600	36	1.4%
Public Works	60,500	12,871	21.3%
Police	400,920	219,315	54.7%
Fire	80,800	88,616	109.7%
Parks	25,500	8,654	33.9%
<b>Total</b>	<b>570,320</b>	<b>329,492</b>	<b>57.8%</b>

There is currently one department with a variance of more than 3.0% above the expected expenditure rate of 33.7%. The City Council department (39.5%) is above the expected expenditure rate due to one-time payments to the Iowa League of Cities, National League of Cities, and Bi-State Regional Commission. The majority of the City Council's professional services budget and contributions to other agencies is spent within the first quarter. There are six departments currently falling 5.0% or more below

the expected expenditure rate of 33.7%: Mayor’s Office (27.8%), Administration (28.4%), CPED (20.5%), Civil Rights (28.5%), Neighborhood Services Department (27.3%), and Public Works (23.9%).

The Overtime Summary Report shows two departments with a variance of more than 3% above the expected expenditure rate for overtime. The Police Department (54.7%) has higher-than-expected overtime expenditures due to staff time involved with investigations. The Fire Department (109.7%) has higher-than-expected overtime expenditures due to existing employment vacancies. However, the entire salaries/benefits budget for the Fire Department is at 31.7%, falling slightly above the expected level of 30.8% due to educational incentive spending at the beginning of the fiscal year.

Below is a chart of major non-tax revenue sources in the General Fund. Overall, non-tax revenue sources are down 1.9% compared to last year as of the end of October. The Cable TV Franchise payment is received on a quarterly basis with the first FY 2018 disbursement received in November. Casino Development Fee revenue is down 8.4% over last year. Licenses and Permits are down 3.7% due to a decrease in HVAC and electrical permits. Charges for Services are up 2.8%. Use of Money & Property is 7.0% lower due to a decrease in Junior Theatre and Annie Wittenmyer rent. Fines & Forfeits are 8.5% lower due to a decrease in speed camera fines and alarm fines. In whole, these non-tax revenue sources are still trending slightly above the FY 2018 Budget.

<b>SUMMARY OF MAJOR NON-TAX REVENUE SOURCES</b>				
<b>Department</b>	<b>Budget</b>	<b>YTD</b>	<b>Current Projection</b>	<b>YTD Change from FY17</b>
Cable TV Franchise	860,000	-	810,000	0.0%
Casino Development Fee	950,000	234,756	802,756	-8.4%
Licenses & Permits	1,662,200	971,238	2,151,756	-3.7%
Charges for Services	3,621,721	1,532,013	3,967,140	2.8%
Uses of Money & Property	265,200	80,726	292,530	-7.0%
Fines & Forfeits	1,584,500	425,660	1,461,382	-8.5%
<b>Total</b>	<b>8,943,621</b>	<b>3,244,393</b>	<b>9,485,564</b>	<b>-1.9%</b>

**TRUST & AGENCY FUND**

As of the end of October, Trust & Agency Fund expenditures are slightly below expected budget levels. The expected level of expenditures as of the end of October is 32.3%. Trust & Agency benefits are currently at 31.8%.

<b>BENEFIT SUMMARY</b>			
<b>Benefit</b>	<b>Budget</b>	<b>YTD</b>	<b>%</b>
FICA	1,324,887	418,280	31.6%
IPERS	1,198,429	328,856	27.4%
Employee Insurance	9,468,613	3,080,723	32.5%
MFPRSI	5,888,005	1,824,599	31.0%
RHSP	767,049	286,031	37.3%
<b>Total</b>	<b>18,646,983</b>	<b>5,938,489</b>	<b>31.8%</b>

**EMPLOYEE HEALTH INSURANCE FUND**

As of the end of October, claims for FY 2018 are 2.32% higher compared to claims in FY 2017. Claims expenditures are currently trending above the original budget of \$13.8M. Finance staff will be closely monitoring this fund during the year and process any additional budget amendments necessary.

<b>HEALTH CLAIMS PROJECTION MODEL</b>							
	<b>FY 2016</b>	<b>FY 2017</b>	<b>Average</b>	<b>% Total</b>	<b>Cum. %</b>	<b>FY 2018</b>	<b>Year End Projection</b>
<b>July</b>	593,689	987,634	790,662	5.74%	5.74%	1,028,523	13,346,173
<b>August</b>	1,531,968	1,268,782	1,400,375	10.17%	15.92%	1,341,054	14,449,944
<b>September</b>	1,043,002	1,222,855	1,132,929	8.23%	24.15%	1,073,151	14,100,579
<b>October</b>	929,330	911,337	920,334	6.69%	30.83%	1,049,823	13,977,854
<b>November</b>	1,008,371	1,052,726	1,030,549	7.49%	38.32%	-	-
<b>December</b>	1,108,713	1,620,755	1,364,734	9.91%	48.23%	-	-
<b>January</b>	822,507	934,651	878,579	6.38%	54.61%	-	-
<b>February</b>	1,025,947	952,427	989,187	7.19%	61.80%	-	-
<b>March</b>	1,635,616	1,433,899	1,534,758	11.15%	72.95%	-	-
<b>April</b>	984,051	964,101	974,076	7.08%	80.02%	-	-
<b>May</b>	1,533,360	1,239,008	1,386,184	10.07%	90.09%	-	-
<b>June</b>	1,443,588	1,284,901	1,364,245	9.91%	100.00%	-	-
<b>Total</b>	13,660,142	13,873,076	13,766,609	100.00%		4,492,551	

**FY 2019 BUDGET UPDATE**

During the month of October, budget staff began revenue forecasting for the FY 2019 budget and the departments submitted their operating and CIP budgets. Budget staff reviewed the departmental budget requests while preparing for the department budget meetings that are held in November.