



CITY OF DAVENPORT
Office of Finance Administration
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MEMORANDUM

February 6, 2018

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

FROM: Lauren Gonner, Budget & Performance Officer

RE: FY 2018 Monthly Financial Update – Through December 2017

Below is a summary report of the city's main operating funds as of December 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 December, General Fund operating departments ended below expected spending levels. With 50.4% of the year completed, 45.8% of overall budgeted expenditures have been spent. Payroll costs, which are the main driver of the General Fund, are at 46.5% of budgeted levels, which is slightly above the expected level of 46.2%. 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	172,489	50.6%
Mayor's Office	122,625	51,418	41.9%
Finance	1,301,067	628,611	48.3%
Administration	828,011	343,434	41.5%
Human Resources	684,524	290,192	42.4%
CPED	779,532	270,316	34.7%
Civil Rights	320,092	142,586	44.5%
NSD	852,720	349,678	41.0%
Public Works	4,443,492	1,727,644	38.9%
Police Department	17,884,747	8,441,288	47.2%
Fire Department	12,323,075	5,680,185	46.1%
Parks	3,874,042	1,906,586	49.2%
Library	2,457,728	1,178,094	47.9%
Total	46,212,681	21,182,521	45.8%

OVERTIME SUMMARY			
Department	Budget	YTD	%
Finance	2,600	36	1.4%
Public Works	60,500	18,786	31.1%
Police	400,920	288,383	71.9%
Fire	80,800	152,718	189.0%
Parks	25,500	12,917	50.7%
Total	570,320	472,840	82.9%

There are currently no departments with a variance of more than 3.0% above the expected expenditure rate of 50.4%. There are seven departments currently falling 5.0% or more below the expected expenditure rate of 50.4%: Mayor's Office (41.9%), Administration (41.5%), Human Resources (42.4%), CPED (34.7%), Civil Rights (44.5%), Neighborhood Services Department (41.0%), and Public Works (38.9%).

The Overtime Summary Report shows three departments with a variance of more than 3% above the expected expenditure rate for overtime. The Police Department (71.9%) has higher-than-expected overtime expenditures due to staff time involved with investigations. The Fire Department (189.0%) has higher-than-expected overtime expenditures due to existing employment vacancies. The entire salaries/benefits budget for the Fire Department is at 46.5%, falling slightly above the expected level of 46.2% due to educational incentive spending at the beginning of the fiscal year. The Parks and Recreation Department (50.7%) has higher levels of overtime primarily due to pool operations.

Below is a chart of major non-tax revenue sources in the General Fund. Overall, non-tax revenue sources are up 2.5% compared to last year as of the end of December. Cable TV Franchise revenue is received on a quarterly basis with the next planned disbursement in January. Overall, this category is down 7.8% compared to FY 2017, which can be attributed mainly to alternative TV viewing methods. Casino Development Fee revenue is down 8.6% from last year. The Licenses and Permits and Charges for Services categories are up slightly over FY 2017. Use of Money & Property is 42.7% higher due to higher interest rates from investment allocations in December. Fines & Forfeits remained relatively flat over FY 2017. In whole, these non-tax revenue sources are still trending slightly above the FY 2018 Budget estimate.

SUMMARY OF MAJOR NON-TAX REVENUE SOURCES				
Department	Budget	YTD	Current Projection	YTD Change from FY17
Cable TV Franchise	860,000	189,900	780,000	-7.8%
Casino Development Fee	950,000	307,712	802,756	-8.6%
Licenses & Permits	1,662,200	1,290,449	2,151,756	3.6%
Charges for Services	3,621,721	2,088,512	3,967,140	2.2%
Uses of Money & Property	265,200	255,233	292,540	42.7%
Fines & Forfeits	1,584,500	700,572	1,496,826	-0.7%
Total	8,943,621	4,832,378	9,491,018	2.5%

TRUST & AGENCY FUND

As of the end of December, Trust & Agency Fund expenditures are slightly below expected budget levels. The expected level of expenditures as of the end of December is 48.3%. Trust & Agency benefits are currently at 47.5%.

BENEFIT SUMMARY			
Benefit	Budget	YTD	%
FICA	1,324,887	611,859	46.2%
IPERS	1,198,429	490,216	40.9%
Employee Insurance	9,468,613	4,620,865	48.8%
MFPRSI	5,888,005	2,698,605	45.8%
RHSP	767,049	433,223	56.5%
Total	18,646,983	8,854,768	47.5%

EMPLOYEE HEALTH INSURANCE FUND

As of the end of December, claims for FY 2018 are 5.72% 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.

HEALTH CLAIMS PROJECTION MODEL							
	FY 2016	FY 2017	Average	% Total	Cum. %	FY 2018	Year End Projection
July	593,689	987,634	790,662	5.74%	5.74%	1,028,523	13,346,173
August	1,531,968	1,268,782	1,400,375	10.17%	15.92%	1,341,054	14,449,944
September	1,043,002	1,222,855	1,132,929	8.23%	24.15%	1,073,151	14,100,579
October	929,330	911,337	920,334	6.69%	30.83%	1,049,823	13,977,854
November	1,008,371	1,052,726	1,030,549	7.49%	38.32%	1,589,164	15,348,348
December	1,108,713	1,620,755	1,364,734	9.91%	48.23%	1,386,196	15,034,360
January	822,507	934,651	878,579	6.38%	54.61%	-	-
February	1,025,947	952,427	989,187	7.19%	61.80%	-	-
March	1,635,616	1,433,899	1,534,758	11.15%	72.95%	-	-
April	984,051	964,101	974,076	7.08%	80.02%	-	-
May	1,533,360	1,239,008	1,386,184	10.07%	90.09%	-	-
June	1,443,588	1,284,901	1,364,245	9.91%	100.00%	-	-
Total	13,660,142	13,873,076	13,766,609	100.00%		7,467,911	

FY 2019 BUDGET UPDATE

During the month of December, staff continued budget projections for the FY 2019 Budget. The budget team worked to finalize all FY 2019 payroll projections and began reviewing budgets at the fund level in preparation for the three budget workshops held in January and February of 2018.