

MEMO | FY 2019 Monthly Financial Update – Through October 2018



DATE: December 4, 2018

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

FROM: Meghan Murray, Budget Analyst

RE: FY 2019 Monthly Financial Update – Through October 2018

Below is a summary report of the city’s main operating funds as of October 31, 2018 for FY 2019. 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 slightly above expected spending levels. With 33.7% of the year completed, 30.9% of overall budgeted expenditures have been spent. Payroll costs, which are the main driver of the General Fund, are at 30.8% of budgeted levels, which meets the expected level of 30.8%.

OVERALL DEPARTMENT BUDGET SUMMARY			
Department	Budget	YTD	%
City Council	338,424	138,999	41.1%
Mayor's Office	126,725	25,660	20.2%
Finance	1,419,053	448,627	31.6%
Administration	827,919	225,162	27.2%
Human Resources	697,411	178,881	25.6%
CPED	843,841	331,246	39.3%
Civil Rights	326,270	96,879	29.7%
NSD	852,496	255,685	30.0%
Public Works	3,432,087	838,182	24.4%
Police Department	18,522,637	5,680,242	30.7%
Fire Department	12,602,459	3,963,948	31.5%
Parks	4,032,850	1,433,293	35.5%
Library	2,836,850	872,307	30.7%
Total	46,859,022	14,489,111	30.9%

OVERTIME SUMMARY			
Department	Budget	YTD	%
Finance	2,600	6	0.2%
Public Works	60,500	12,562	20.8%
Police	570,858	113,227	19.8%
Fire	186,100	153,014	82.2%
Parks	29,500	12,904	43.7%
Total	849,558	291,713	34.3%

There are currently two departments with a variance of more than 3.0% above the expected expenditure rate of 33.7%: City Council (41.1%), Community Planning and Economic Development (39.3%). The City Council department is above the expected expenditure rate due to one-time payments to the Iowa League of Cities and National League of Cities. The Community Planning and Economic Development Department is above the expected expenditure rate due to a one-time payment to Quad Cities First. There are four departments currently falling 5.0% or more below the expected expenditure rate of 33.7%: Mayor’s Office (20.2%), Administration (27.2%), Human Resources (25.6%), and Public Works (24.4%).

The Overtime Summary Report shows two departments with a variance of more than 3.0% above the expected expenditure rate for overtime. The Fire Department (82.2%) has higher-than-expected overtime expenditures due to existing employment vacancies and employees out on injury/medical



leave. The Parks and Recreation Department (43.7%) has higher levels of overtime primarily due to pool operations in the beginning of the fiscal year.

Below is a chart of major revenues. Overall, other revenue sources are down by 14.9% compared to last year as of the end of October. However, the current projection for FY 2019 is still anticipated to meet the overall budget target. The Cable TV Franchise payment is received on a quarterly basis with the first FY 2019 payment received in October. Casino Development Fee revenue is up 27.3% compared to FY 2018. The Licenses and Permits are down by 48% due to a decrease in building permits. The Charges for Services category is down 17.1% due to a decrease in rental inspection and demolition of condemned property. Use of Money & Property is down 29.8% because the interest from pooled investments has not been fully realized. Once the revenue is realized, it is expected to exceed FY 2018 levels. Fines and Forfeits are up 5.4%; however, this category is expected to struggle to meet its budget target due to a recent Iowa Supreme Court decision that limits the city's ability to collect outstanding, automated enforcement tickets.

SUMMARY OF MAJOR NON-TAX REVENUE SOURCES				
Department	Budget	YTD	Current Projection	YTD Change from FY18
Cable TV Franchise	810,000	187,609	752,000	N/A
Casino Development Fee	830,000	298,911	1,081,085	27.3%
Licenses & Permits	1,845,700	504,947	1,600,000	-48.0%
Charges for Services	3,728,779	1,270,188	3,800,000	-17.1%
Uses of Money & Property	388,200	83,457	700,000	-29.8%
Fines & Forfeits	1,485,500	450,092	1,500,000	5.4%
Total	9,088,179	2,795,204	9,433,085	-14.9%

Trust & Agency Fund

As of the end of October, Trust & Agency Fund expenditures are slightly above expected budget levels. The expected level of expenditures as of the end of October is 32.3%. Trust & Agency benefits are slightly higher than the expected level at 33.1%.

BENEFIT SUMMARY			
Benefit	Budget	YTD	%
FICA	1,407,435	428,156	30.4%
IPERS	1,275,032	358,080	28.1%
Employee Insurance	9,621,785	3,336,755	34.7%
MFPRSI	5,889,030	1,902,504	32.3%
RHSP	791,294	255,046	32.2%
Total	18,984,576	6,280,541	33.1%



Employee Health Insurance Fund

As of the end of October, claims for FY 2019 are 8.8% higher than claims in FY 2018. Claims expenditures are currently trending above the original budget of \$14.6 million. Finance staff will be closely monitoring this fund during the year and process any additional budget amendments necessary.

HEALTH CLAIMS PROJECTION MODEL							
	FY 2017	FY 2018	Average	% Total	Cum. %	FY 2019	Year End Projection
July	987,634	1,028,523	873,841	7.67%	7.67%	1,301,936	16,976,799
August	1,268,782	1,341,054	999,512	8.77%	16.44%	931,009	13,581,788
September	1,222,855	1,073,151	909,292	7.98%	24.42%	1,035,706	13,384,718
October	911,337	1,049,823	877,385	7.70%	32.12%	1,652,578	15,321,010
November	1,052,726	1,589,164	894,029	7.85%	39.97%		
December	1,620,755	1,386,196	1,142,791	10.03%	50.00%		
January	934,651	1,184,769	863,655	7.58%	57.58%		
February	952,427	900,818	716,294	6.29%	63.86%		
March	1,433,899	1,006,190	1,031,615	9.05%	72.92%		
April	964,101	1,123,564	969,363	8.51%	81.42%		
May	1,239,008	1,334,069	1,002,096	8.79%	90.22%		
June	1,296,147	1,051,347	1,114,711	9.78%	100.00%		
Total	13,884,322	14,068,668	11,394,583	100.00%		4,921,229	

FY 2020 Budget Update

During the month of October, budget staff began revenue forecasting for the FY 2020 Budget. Budget staff reviewed the departmental budget requests while preparing for the department budget meetings that are held in November.