

## MEMORANDUM

**DATE:** 27 February 2023

**TO:** Corri Spiegel, City Administrator  
Mallory Merritt, CFO/Assistant City Administrator

**FROM:** Hanna Whitehurst, Budget Analyst

**RE:** FY 2023 Monthly Financial Update – Through January 2023

Below is a summary report of the City's main operating funds as of January 31, 2023 for FY 2023. Information is provided for the General Fund, Trust & Agency Fund, Local Options Sales Tax Fund, and Employee Health Fund. As the year advances, projections are expected to stabilize.

### **General Fund Expenditures**

As of the end of January, General Fund operating departments ended below expected spending levels. With 58.3% of the year completed, 57.5% of overall budgeted expenditures have been spent. Payroll costs, which are the main driver of the General Fund, are in line with expected budget levels. The expected level of payroll costs as of the end of January is 56.2%. Payroll costs are currently at 55.0%, which is below the expected budget of 56.2%.

OVERALL DEPARTMENT BUDGET SUMMARY			
Department	Budget	YTD	%
City Council	336,673	206,177	61.2%
Mayor's Office	129,792	70,743	54.5%
Finance	1,595,963	980,635	61.4%
Administration	897,387	487,708	54.3%
Information Technologies	-	(70,237)	-
Human Resources	818,719	388,646	47.5%
Comm. & Econ. Dev.	646,002	357,127	55.3%
Civil Rights	392,806	174,210	44.4%
Dev. & Nbhd. Svc. Dept.	2,163,497	1,175,511	54.3%
Public Works	3,320,965	2,066,309	62.2%
Police Department	20,008,361	11,457,589	57.3%
Fire Department	13,738,702	8,222,197	59.8%
Parks & Recreation	4,623,693	2,443,316	52.8%
Library	2,720,232	1,595,370	58.6%
<b>Total</b>	<b>51,392,792</b>	<b>29,555,302</b>	<b>57.5%</b>

OVERTIME SUMMARY			
Department	Budget	YTD	%
Finance	2,600	15	0.6%
Human Resources	-	36	N/A
Civil Rights	-	352	N/A
Community Dev	-	36	N/A
DNSD	2,000	7,847	392.3%
Public Works	67,500	28,939	42.9%
Police	570,858	263,478	46.2%
Fire	211,100	735,314	348.3%
Parks	29,500	22,363	75.8%
Library	5,135	4,369	85.1%
<b>Total</b>	<b>888,693</b>	<b>1,062,748</b>	<b>119.6%</b>

There is currently one department with a variance of more than 3.0% above the expected expenditure rate of 58.3%: Public Works (62.2%) which is due to continued expenses related to the Annie Wittenmyer building. Also, there are three departments currently 5.0% or more below the expected expenditure rate: Human Resources (47.5%), Civil Rights (44.4%), and Parks and Recreation (52.8%).

The Overtime Summary Report shows seven departments with a variance of more than 3.0% above the expected expenditure rate for overtime. Although Civil Rights, Human Resources, and Community and Economic Development have higher than budgeted overtime, no additional overtime has been incurred since August. The Development and Neighborhood Services Department (392.3%) is above expected overtime expenditures due to overtime costs related to inspections and code enforcement. The Fire Department (348.3%) has higher-than-expected overtime expenditures due to an unusual number of employee vacancies; the first recruit class started in January 2023 and were assigned to shift in February 2023. The Parks Department (75.8%) is above expected overtime expenditures due to overtime costs associated with parks operations and aquatics recreation programs. Library (85.1%) has reported a higher than expected overtime expense, due to a timesheet calculation error that has since been corrected; expenses were reimbursed to the Library's overtime account in February 2023.

### **General Fund Revenue**

Below is a chart detailing other major revenues. In relation to FY 2022 YTD, other major revenue sources are down 3.3%. First, licenses and permits are down 44.7% which is more reflective of typical averages; FY 2022 was higher due to permits associated with Amazon construction. Uses of money and property is up 131.5% due to rent revenues and the timing of the allocation of interest payments. Fines and forfeits are down 23.0% due to a change in accounting methodology recommended by the City's auditors and a decrease in overall revenue collected which will continue to be monitored closely as the year progresses. Cable TV Franchise is down (51.6%) due to the timing of payments received. Although several of these sources are down from FY 2022, all categories' projections are exceeding budgeted revenues.

These revenue sources will be closely monitored on a monthly basis in relation to 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 FY 2022</b>	<b>% of Budget Collected</b>
Cable TV Franchise	720,000	146,664	371,195	-51.6%	20.4%
Casino Development Fee	1,200,000	756,741	1,724,526	16.7%	63.1%
Licenses & Permits	1,924,100	1,308,473	2,429,775	-44.7%	68.0%
Charges for Services	3,838,908	2,981,583	5,514,988	25.3%	77.7%
Uses of Money & Property	776,300	922,225	1,842,247	131.5%	118.8%
Fines & Forfeits	1,255,500	848,341	1,604,903	-23.0%	67.6%
<b>Total</b>	<b>9,714,808</b>	<b>6,964,027</b>	<b>13,487,634</b>	<b>-3.3%</b>	<b>71.7%</b>

### Local Option Sales Tax Fund Revenue

The below chart displays the revenue categories for the Local Option Sales Tax Fund as of the end of January. The majority of this fund's revenue comes from the sales tax disbursements from the state. Local Options Sales Tax revenue is trending in line with budget.

SUMMARY OF LOCAL OPTION SALES TAX FUND			
Department	Budget	YTD	% of Budget Collected
Other Taxes (Sales Tax)	17,007,500	12,129,404	71.3%
Charges for services	85,000	112,248	132.1%
Use of Monies & Prop	15,000	12,134	80.9%
<b>Total</b>	<b>17,107,500</b>	<b>12,253,785</b>	<b>71.6%</b>

### Trust & Agency Fund

As of the end of January, Trust & Agency Fund expenditures are in line with expected budget levels. The expected level of expenditures as of the end of January is 57.3%. Trust & Agency benefits are currently at 55.9% which is below the expected budget of 57.3%.

BENEFIT SUMMARY			
Benefit	Budget	YTD	%
FICA	1,500,569	838,466	55.9%
IPERS	1,396,818	705,180	50.5%
Employee Insurance	11,280,709	6,575,603	58.3%
MFPRSI	6,050,380	3,260,364	53.9%
Deferred Compensation	21,216	-	0.0%
RHSP	876,409	495,002	56.5%
Fit Pay	131,000	-	0.0%
<b>Total</b>	<b>21,257,101</b>	<b>11,874,615</b>	<b>55.9%</b>

### Employee Health Insurance Fund

As of the end of January, claims for FY 2023 are 17.6% lower than claims in FY 2022. Claims expenditures are currently trending \$1.4M below the original budget of \$15.5 million.

HEALTH CLAIMS PROJECTION MODEL							
	FY 2021	FY 2022	Average	% Total	Cum. %	FY 2023	Year End Projection
July	1,077,507	940,733	932,074	7.82%	7.82%	1,040,152	13,298,378
August	1,328,983	1,515,769	1,057,208	8.87%	16.69%	1,114,579	12,907,703
September	1,181,074	1,442,449	968,109	8.12%	24.82%	893,377	12,282,135
October	1,104,134	1,114,280	980,346	8.23%	33.04%	1,010,406	12,282,099
November	1,213,605	1,209,077	958,028	8.04%	41.08%	1,272,687	12,976,475
December	1,126,545	2,951,600	1,248,575	10.48%	51.56%	1,245,375	12,754,894
January	964,700	970,399	918,658	7.71%	59.27%	1,785,197	14,107,873
February	1,115,936	1,402,591	837,157	7.03%	66.30%		
March	1,139,423	1,403,597	1,092,924	9.17%	75.47%		
April	1,137,471	1,215,023	1,024,355	8.60%	84.06%		
May	1,155,054	1,355,162	1,026,768	8.62%	92.68%		
June	1,395,190	1,245,079	1,157,640	9.71%	102.39%		
Total	13,939,622	16,765,759	11,916,597	100.00%	N/A	8,361,773	

### FY 2024 Budget Update

During January, Budget Workshops were held for elected officials, City staff, and Davenport Citizens to present the proposed FY 2024 Operating and Capital Budgets. Final changes to the budget were made after the completion of the Budget Workshops. The Budget team is turning their attention to the submission of the State of Iowa budget form. The Public Hearing will be held on March 15, 2023.