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**FINANCE & RECORDS**

**MEMO**

To: Gregg Mandsager, City Administrator

From: Nancy A. Lueck, Finance Director

Date: May 1, 2015

Re: Resolution to set Public Hearing on Amending the 2014/2015 City Budget  
(Amendment #2)

**Introduction and Background:**

Attached is the Resolution Setting a Public Hearing on Amendment #2 to the current year City budget. City Council approved the first amendment to the 2014/2015 budget on March 12, 2015. That action amended the budget to the Revised Estimate levels established at the budget review sessions.

This second amendment includes additional proposed amendments since that time. This proposed amendment will increase total budgeted expenditures for the City by \$632,500. Budgeted revenues are proposed to be amended by \$274,700. Of the overall requested expenditure increase, enterprise fund amendments total \$423,800 (67% of the amendment total). Enterprise fund revenue amendments total \$254,700 with those revenues funding a portion of the expenditure increase. The balance of the amendments are in (1) the City's General Fund (\$13,000), (2) Special Revenue Funds (\$128,200), and (3) Capital Projects Funds (\$67,500). The total amendment of \$632,500 is less than the total of amendment #2 for the 2013/2014 fiscal year of \$1,115,800.

General Fund expenditures are proposed to be amended by a total of \$13,000. This compares very favorable to the \$160,100 in the 2<sup>nd</sup> budget amendment for 2013/2014. The amendments include: (1) an increase of \$12,000 in the Building and Grounds budget for increased building repairs costs, and (2) an increase of \$1,000 in the Animal Control budget due to increased vehicle maintenance costs.

**The proposed General Fund expenditure amendments would result in a decrease in fund balance of \$13,000. It is, however, expected that there should be savings in various General Fund department budgets which will offset all or a portion of this amount. For the City's Governmental Funds (primarily the General Fund), expenditures are required to be within the budget for each functional area. This amendment allows for somewhat of a "cushion" for increased costs so the budgets for the various functions are not exceeded at year end.**

**It should also be noted that although it currently appears that several departments will be well under their budget amounts, we traditionally have not amended those budgets downward to offset increases in other departments. With two months remaining in the fiscal year, the actual amounts that those budgets may be under budget cannot be determined, especially if those departments have unforeseen costs before year end.**

**"I remember Muscatine for its sunsets. I have never seen any  
on either side of the ocean that equaled them" — Mark Twain**

Enterprise Fund amendments are proposed for the Refuse Collection, Transfer Station, Water Pollution Control, Ambulance, CVB, and Public Housing funds totaling \$423,800. The enterprise fund amendments include (1) \$50,000 in the Refuse Collection fund for increased vehicle maintenance costs, transfer station costs, and compost site chipping services (previously done at no cost to the City), (2) \$266,700 in the Transfer Station fund for increased landfill fees and hauling costs due to increased waste volume, and increased repair and maintenance costs, (4) \$86,000 for pump replacements at the Water Pollution Control Plant with \$20,000 of this cost reimbursed, (4) a total of \$11,400 for increased operating and maintenance costs in the City's Clark House and Sunset Park public housing facilities, (5) \$7,000 for ambulance repair and maintenance costs, and (6) \$2,700 for increased CVB expenditures. It should be noted that with the amendment, the Refuse Collection fund is expected to have a deficit balance at year-end. This deficit is expected to be eliminated in the 2015/2016 or 2016/2017 fiscal years. Of the total expenditure increase of \$266,700 in the Transfer Station fund, \$225,000 is expected to be funded from increased tipping fees and \$9,700 from an insurance reimbursement.

Other significant increases are \$100,000 for the first year's allocation for the Small Business Forgivable Loan Program and \$67,500 for the local match for the Mercer/Muscatine Revolving Loan Program for the Hotel project, both of which will be funded with future year TIF revenues. Section 8 Housing Assistance payments are projected to be up by \$20,000 over the original revised estimate; this will be 100% funded from increased HUD funds.

There are also proposed amendments in the art center trusts, police forfeitures fund, and Library Computer Replace fund. These total \$8,200.

**Summary:**

As noted previously, the total proposed amendment of \$632,500 is \$483,300 less than the total amendment of \$1,115,800 in 2013/2014. The higher prior year amendment was in part due to the \$750,000 increase for the West Hill Sewer project. The current year amendment also includes two one-time special program amendments including the \$100,000 for the Small Business Loan Program and \$67,500 for the match for the Mercer/Muscatine Loan program. Without those items the current year amendment would total \$465,000 compared to the prior year \$365,800.

The General Fund amendment for 2014/2015 of \$13,000 is significantly less than the previous year's General Fund amendment of \$160,100. The prior year amendment included a \$74,200 increase in the Snow and Ice Control budget. The Snow & Ice Control budget did not require an amendment in 2014/2015.

The total 2<sup>nd</sup> amendments and the General Fund amendments in the past four years were as follows: (1) 2013/2014 total 2<sup>nd</sup> amendment of \$1,115,800 with \$160,100 in the General Fund, (2) 2012/2013 total 2<sup>nd</sup> amendment of \$370,700 with \$93,300 in the General Fund, (3) for 2011/2012 the amendment totaled \$945,360 with \$65,500 in the General Fund, and (4) in 2010/2011 the 2<sup>nd</sup> amendment totaled \$374,200 with \$202,100 in the General Fund. In each of those years the actual balances for the General Fund exceeded the revised estimate projected fund balances at year end.

**Recommendation:**

Please include the attached resolution setting a public hearing for May 21, 2015 on the second amendment to the City's Fiscal Year 2014/2015 budget on the May 7 2014 Council agenda. Please contact me if you have any questions.

RESOLUTION NO. \_\_\_\_\_

RESOLUTION SETTING TIME AND PLACE FOR A PUBLIC HEARING  
CONCERNING AMENDMENT #2 TO THE CITY BUDGET  
FOR THE FISCAL YEAR ENDING JUNE 30, 2015  
FOR THE CITY OF MUSCATINE, IOWA

WHEREAS, a public hearing is required in order to amend the budget for the City of Muscatine for the fiscal year ending June 30, 2015,

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF MUSCATINE, IOWA that a public hearing be set for May 21, 2015 at 7:00 p.m. in the City Hall Council Chambers, 215 Sycamore Street, concerning Amendment #2 to the City budget for fiscal year ending June 30, 2015, and that the City Clerk be directed to publish Notice of Public Hearing in the Muscatine Journal, in the form required by the State of Iowa.

PASSED, APPROVED AND ADOPTED this 7th day of May, 2015.

BY THE CITY COUNCIL OF THE CITY OF  
MUSCATINE, IOWA

\_\_\_\_\_  
DeWayne Hopkins, Mayor

ATTEST:

\_\_\_\_\_  
Gregg Mandsager, City Clerk

**NOTICE OF PUBLIC HEARING  
AMENDMENT OF CURRENT CITY BUDGET**

The City Council of Muscatine in MUSCATINE County, Iowa  
will meet at City Hall Council Chambers  
at 7 p.m. on 5-21-15  
(hour) (Date)

,for the purpose of amending the current budget of the city for the fiscal year ending June 30, 2015  
(year)  
by changing estimates of revenue and expenditure appropriations in the following functions for the reasons given.  
Additional detail is available at the city clerk's office showing revenues and expenditures by fund type and by activity.

	Total Budget as certified or last amended	Current Amendment	Total Budget after Current Amendment
<b>Revenues &amp; Other Financing Sources</b>			
Taxes Levied on Property	1 12,541,759	0	12,541,759
Less: Uncollected Property Taxes-Levy Year	2		0
<b>Net Current Property Taxes</b>	<b>3 12,541,759</b>	<b>0</b>	<b>12,541,759</b>
Delinquent Property Taxes	4	0	0
TIF Revenues	5 1,080,034	0	1,080,034
Other City Taxes	6 3,596,069	0	3,596,069
Licenses & Permits	7 402,000	0	402,000
Use of Money and Property	8 1,139,760	0	1,139,760
Intergovernmental	9 7,940,214	20,000	7,960,214
Charges for Services	10 13,430,550	225,000	13,655,550
Special Assessments	11 0	0	0
Miscellaneous	12 18,106,284	29,700	18,135,984
Other Financing Sources	13 15,286,632	0	15,286,632
<b>Total Revenues and Other Sources</b>	<b>14 73,523,302</b>	<b>274,700</b>	<b>73,798,002</b>
<b>Expenditures &amp; Other Financing Uses</b>			
Public Safety	15 8,735,500	3,000	8,738,500
Public Works	16 2,430,900	0	2,430,900
Health and Social Services	17 20,000	0	20,000
Culture and Recreation	18 3,274,650	6,200	3,280,850
Community and Economic Development	19 3,195,200	120,000	3,315,200
General Government	20 2,269,383	12,000	2,281,383
Debt Service	21 2,903,661	0	2,903,661
Capital Projects	22 6,168,200	67,500	6,235,700
<b>Total Government Activities Expenditures</b>	<b>23 28,997,494</b>	<b>208,700</b>	<b>29,206,194</b>
Business Type / Enterprises	24 18,838,028	423,800	19,261,828
<b>Total Gov Activities &amp; Business Expenditures</b>	<b>25 47,835,522</b>	<b>632,500</b>	<b>48,468,022</b>
Transfers Out	26 15,286,632	0	15,286,632
<b>Total Expenditures/Transfers Out</b>	<b>27 63,122,154</b>	<b>632,500</b>	<b>63,754,654</b>
<b>Excess Revenues &amp; Other Sources Over (Under) Expenditures/Transfers Out Fiscal Year</b>	<b>28 10,401,148</b>	<b>-357,800</b>	<b>10,043,348</b>
Beginning Fund Balance July 1	29 18,438,673	0	18,438,673
Ending Fund Balance June 30	30 28,839,821	-357,800	28,482,021

Explanation of increases or decreases in revenue estimates, appropriations, or available cash:

To appropriate additional revenues and available fund balances. Amendments include updated building and equipment maintenance costs, the FY 15 allocation for the Small Business Forgivable Loan Program, the local share for the Mercer/Muscatine Revolving Loan Program, pump replacements at the Water Pollution Control Plant, increased landfill and transfer station waste disposal costs, and increases in various other operating costs.

There will be no increase in tax levies to be paid in the current fiscal year named above related to the proposed budget amendment. Any increase in expenditures set out above will be met from the increased non-property tax revenues and cash balances not budgeted or considered in this current budget.

Gregg Mandsager  
City Clerk/ Finance Officer Name

City of Muscatine  
 FY 2014/2015 Proposed Budget Amendments  
 (Budget Amendment #2)  
 May 1, 2015

Fund/Department	Account	Expenditure Amendment	Comments	Revenues/ Transfers In Amendment
<b>General Fund</b>				
<b>Building and Grounds:</b>				
Bldg Equipment Maint/Repairs	1000-40-1151-67330	\$ 12,000	Based on actual to date and estimated for May and June	-
<b>Animal Control:</b>				
Inside Services	1000-15-1312-67110	1,000	Based on actual to date and estimated for May and June	-
<b>Total - General Fund</b>		<b>\$ 13,000</b>		<b>\$ -</b>
<b>Enterprise/Internal Service Funds</b>				
<b>Refuse Collection:</b>				
Temporary Part-Time Wages	5642-45-5642-42200	\$ 7,000	Based on actual to date and estimated through 6-30-15	\$ -
Transfer Station Fees	5642-45-5642-62240	11,000	Based on actual to date and estimated through 6-30-15	-
Inside Services	5642-45-5642-67110	10,000	Based on actual to date and estimated through 6-30-15	-
Outside Services	5642-45-5642-67130	10,000	Based on actual to date and estimated through 6-30-15	-
Brush Control Services Compost Site	5642-45-5643-62140	12,000	Chipping at compost site; no-cost vendor no longer available	-
Subtotal		<b>\$ 50,000</b>		<b>\$ -</b>
<b>Transfer Station:</b>				
Overtime	5658-45-5658-43100	\$ 6,000	Based on actual to date and estimated through 6-30-15	\$ -
Tools and Minor Equipment	5658-45-5658-52830	9,700	Replace stolen items; insurance reimbursement will fund	-
			5658-45-5658-38430	9,700
Landfill Fees	5658-45-5658-62240	175,000	Increased waste volume based on actual to date and est'd add'l	-
Hauling Services	5658-45-5658-62520	50,000	Increased waste volume based on actual to date and est'd add'l	-
Outside Services	5658-45-5658-67130	8,000	Based on actual to date and estimated through 6-30-15	-
Tires/Tire Repairs	5658-45-5658-67140	8,000	Based on actual to date and estimated through 6-30-15	-
Building Equipment Repairs	5658-45-5658-67330	10,000	Based on actual to date and estimated through 6-30-14	-
			Estimated revenue from increased tonnage 5658-45-5658-35225	225,000
Subtotal		<b>\$ 266,700</b>		<b>\$ 234,700</b>
<b>Water Pollution Control:</b>				
Other Improvements	5660-50-5662-73900	\$ 86,000	Pump replacements and installation	\$ -
			Partial reimbursement for pumps 5660-50-5662-38420	20,000
Subtotal		<b>\$ 86,000</b>		<b>\$ 20,000</b>
<b>Ambulance Operations:</b>				
Outside Services	5811-20-5811-67130	5,000	Based on actual to date and estimated through 6-30-15	-
Tires/Tire Repairs	5811-20-5811-67140	2,000	Based on actual to date and estimated through 6-30-15	-
Subtotal		<b>\$ 7,000</b>		<b>\$ -</b>
<b>CVB:</b>				
Temporary Part-Time Wages	5821-55-5821-42200	650	Temporary employee to assist at events	-
FICA	5821-55-5821-45100	50	FICA for temporary employee	-
Financial Services	5821-55-5821-61110	1,000	Tax return preparation and filing	-
Other Misc. - Taxes	5821-55-5821-69900	1,000	Allowance for taxes/penalty due	-
Subtotal		<b>\$ 2,700</b>	(Available fund balance)	<b>\$ -</b>
<b>Clark House:</b>				
Maintenance Wages	9002-90-9020-44100	\$ 2,400	Estimated increase due to actual hours to date for Clark House	\$ -
Building Supplies	9002-90-9020-44204	1,000	Based on actual to date and estimated through 6-30-15	-
Cleaning Services	9002-90-9020-44302	3,500	Due to extended leave of fulltime maintenance staff	-
Collection Losses	9002-90-9020-45700	800	Based on actual to date	-
Betterments and Additions	9002-90-9020-75200	2,500	Estimated additional apartment rehabs before 6/30/15	-
Subtotal		<b>\$ 10,200</b>		<b>\$ -</b>
<b>Sunset Park:</b>				
Collection Losses	9006-90-9060-45700	1,200	Based on actual to date	-
Subtotal		<b>\$ 1,200</b>		<b>\$ -</b>
<b>Total Enterprise Funds</b>		<b>\$ 423,800</b>		<b>\$ 254,700</b>

<b>Fund/Department</b>	<b>Account</b>	<b>Expenditure Amendment</b>	<b>Comments</b>	<b>Transfers In Amendment</b>
<b>Special Revenue Funds</b>				
<b>Art Center Trusts:</b>				
<b>General Art Center Trust</b>				
Printing Services	3991-35-3995-62370	\$ 2,000	Based on actual to date and estimated additional; available balance	\$ -
<b>McWhirter-Gilmore Trust</b>				
Misc. Operating Supplies	3992-35-3992-52890	\$ 200	Based on actual to date and estimated additional; available balance	\$ -
<b>Police Forfeitures:</b>				
Operating Equipment	8660-15-8660-74200	\$ 2,000	Based on actual to date and estimated additional; available balance	\$ -
<b>Library Computer Replacement Fund:</b>				
Computer Hardware	8451-8451-74250	\$ 4,000	Based on actual year-to-date and estimated through 6-30-15; available balance	-
<b>Small Business Forgivable Loan Program:</b>				
Other Contributions	8801-10-8801-68300	\$ 100,000	Fiscal year allocation; future TIF funding	-
<b>Section 8 Voucher Program:</b>				
Hsg Assistance Pmts	8007-8070-47150	\$ 20,000	Based on actual year-to-date; HUD funded 9007-90-9070-36903	\$ 20,000
<b>Total Special Revenue Funds</b>		<b>\$ 128,200</b>		<b>\$ 20,000</b>
<b>Capital Projects Funds:</b>				
<b>Downtown Reinvestment Project:</b>				
Mercer/Muscatine Local Share Loan	No Ledger Entry	\$ 67,500	Local loan match for Hotel project; future TIF funding	-
<b>Total Budgeted Funds (Including Transfers Out)</b>		<b>\$ 632,500</b>		<b>\$ 274,700</b>
<b>Expenditure Breakout:</b>			<b>Revenue Breakout:</b>	
Expenditure Increase		\$ 632,500	Increased Revenues	\$ 274,700
Funding Transfer Increase		-	Increased Transfers In	-
Total		<u>\$ 632,500</u>		<u>\$ 274,700</u>
<b>Non-Budgeted Fund:</b>				
<b>Equipment Services Operations:</b>				
Fulltime Wages	7625-40-7625-41100	\$ 3,800	New supervisor wages higher than budgeted (employee transferred from Park Maintenance)	
Longevity	7625-40-7625-44100	200	Based on above	
FICA	7625-40-7625-45100	250	Based on above	
Medicare	7625-40-7625-45150	50	Based on above	
IPERS	7625-40-7625-45200	400	Based on above	
Outside Services	7625-40-7625-67130	140,000	Based on actual year-to-date; increased dept charges will fund	
Tires/Tire Repairs	7625-40-7625-67140	7,700	Based on actual year-to-date; increased dept charges will fund	
Charges for Services			7625.7625.35450	147,700
		<u>\$ 152,400</u>		<u>\$ 147,700</u>
<b>Total Budgeted and Non-Budgeted Funds</b>		<b>\$ 784,900</b>		<b>\$ 422,400</b>