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FINANCE & RECORDS

MEMO

To: Gregg Mandsager, City Administrator

From: Nancy A. Lueck, Finance Director

Date: May 14, 2015

Re: Resolution Approving Amendment #2 to the 2014/2015 City Budget

Introduction and Background:

At the May 7, 2015 meeting, the City Council set a public hearing on the 2nd amendment 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 2nd 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 \$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 2nd amendments and the General Fund amendments in the past four years were as follows: (1) 2013/2014 total 2nd amendment of \$1,115,800 with \$160,100 in the General Fund, (2) 2012/2013 total 2nd 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 2nd 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 approving Amendment #2 to the 2014/2015 Budget on the agenda for the May 21 2015 Council meeting. Please contact me if you have any questions.

70-653

CITY BUDGET AMENDMENT AND CERTIFICATION RESOLUTION

To the Auditor of MUSCATINE County, Iowa:

The City Council of Muscatine in said County/COUNTIES met on 5-21-15 at the place and hour set in the notice, a copy of which accompanies this certificate and is certified as to publication. Upon taking up the proposed amendment, it was considered and taxpayers were heard for and against the amendment.

The Council, after hearing all taxpayers wishing to be heard and considering the statements made by them, gave final consideration to the proposed amendment(s) to the budget and modifications proposed at the hearing, if any. Thereupon, the following resolution was introduced.

RESOLUTION No. _____

A RESOLUTION AMENDING THE CURRENT BUDGET FOR THE FISCAL YEAR ENDING JUNE 30, 2015
(AS AMENDED LAST ON 3-12-15.)

Be it Resolved by the Council of the City of Muscatine

Section 1. Following notice published 5-9-15

and the public hearing held, 5-21-15 the current budget (as previously amended) is amended as set out herein and in the detail by fund type and activity that supports this resolution which was considered at that hearing:

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

Passed this 21 day of May, 2015
(Day) (Month/Year)

Signature
City Clerk/Finance Officer

Signature
Mayor