



City Hall, 215 Sycamore St.
Muscatine, IA 52761-3899
(563) 264-1550
Fax (563) 264-0750

FINANCE & RECORDS

MEMO

To: Gregg Mandsager, City Administrator
From: Nancy A. Lueck, Finance Director
Date: May 13, 2016
Re: Resolution Approving Amendment #2 to the 2015/2016 City Budget

Introduction and Background:

At the May 5, 2016 meeting, the City Council set a public hearing for May 19 on the 2nd amendment to the current year City budget. Attached is the Resolution approving this 2nd Amendment. City Council approved the first amendment to the 2015/2016 budget on March 3, 2016. 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 \$791,200 and transfers out will increase by \$144,900. Budgeted revenues are proposed to be amended by \$144,500 and transfers in by \$144,900. Of the overall requested expenditure increase, enterprise fund amendments total \$562,100 (71.0% of the amendment total) and the capital projects amendment is \$132,700 (16.8%). Enterprise fund revenue amendments total \$129,500 with those revenues funding a portion of the expenditure increases. The most significant enterprise fund amendment is a \$211,000 request for the replacement of the track loader at the Transfer Station. There would be a significant cost of repairing the current loader to make it operational and this repair would not significantly extend the useful life of the the current loader. The balance of the amendments are in (1) the City's General Fund (\$81,900) and (2) Special Revenue Funds (\$14,500). The total amendment of \$791,200 is \$158,700 higher than the total of amendment #2 for the 2014/2015 fiscal year of \$632,500.

General Fund expenditures are proposed to be amended by a total of \$81,900. This is higher than the \$13,000 budget increase in amendment #2 to the 2014/2015 budget but less than the \$160,100 increase in the 2nd budget amendment for 2013/2014. The amendments include: (1) an increase of \$35,500 in general government legal and other administrative costs, (2) a \$5,000 increase in the Building and Grounds budget for increased building repair costs, and (3) a \$41,400 increase in the Fire department budget for increased overtime, repair and maintenance services, and capital outlay costs. A \$10,000 insurance reimbursement will fund a portion of the increased capital outlay costs for replacement of the thermal imagers in the Fire department budget. There were also offsetting increases and decreases in the Roadway Maintenance and Snow & Ice Control budgets due to the mild winter.

The proposed General Fund expenditure amendments would result in a decrease in fund balance of \$71,900. It is, however, expected that there should be savings in various General Fund department

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

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.

Enterprise Fund amendments are proposed for the Refuse Collection, Transfer Station, Ambulance, and Public Housing funds totaling \$562,100. The enterprise fund amendments include (1) \$101,300 in the Refuse Collection fund for increased temporary services, overtime, vehicle maintenance services, transfer station costs, and compost site chipping services, (2) \$197,900 in operating costs for the the Transfer Station fund for increased overtime, landfill fees and hauling costs due to increased waste volume, increased repair and maintenance costs, and increased rental fees for replacement equipment (3) \$211,000 also in the Transfer Station fund for the requested replacement of the track loader, (4) a \$35,500 increase in the Ambulance fund due to increased temporary wages, medical supplies, repair and maintenance services, and capital outlay (funded from a grant), and (5) a total of \$16,400 for increased operating and maintenance costs in the City's Clark House and Sunset Park public housing facilities. It should be noted that with the amendment, the Refuse Collection fund is expected to further increase its deficit balance at year-end. This deficit is expected to be eliminated in future fiscal years. Of the operating expenditure increase of \$197,900 in the Transfer Station fund, \$110,000 is expected to be funded from increased tipping fees. The requested increase of \$211,000 for the track loader for the Transfer Station would add to the current internal loan for recent equipment purchases at the Transfer Station.

In order to assist in funding the track loader and to also address the Transfer Station fund deficit, the Chamber Landfill Committee at their May 13, 2016 meeting recommended that the allocation of the \$60 full rate tipping fee be changed from \$40 Landfill/\$20 Transfer Station to \$32 Landfill/\$28 Transfer Station for a two-year period (FY 2016/2017 and 2017/2018). This allocation change will allow for the new track loader to be funded from a separate internal loan and is also expected to eliminate the budget deficit in the Transfer Station fund. There will be a separate agenda item for City Council to consider making this budget change for 2016/2017 with this change to be included in the 1st budget amendment for the 2016/2017 budget.

Other significant increases are \$132,700 for the final costs of the Cedar Street project. This amount includes \$85,147 in concrete incentives required by the IDOT to be paid to the contractor. The balance of the increase is due to increased payments to MP&W for their work at the round-about. Section 8 Housing Assistance payments are projected to be up by \$5,000 over the original revised estimate; this will be 100% funded from increased HUD funds. The \$4,500 increase in Section 8 administrative expenses will be funded from the operating reserve. Police Forfeitures expenditures are also proposed to be amended by \$5,000 with this increase funded from available fund balance.

Summary:

As noted previously, the total proposed amendment of \$791,200 is \$158,700 more than the total amendment of \$632,500 in 2014/2015. The requested amendment of \$211,000 for replacement of the Transfer Station track loader accounts for this increase.

The General Fund amendment for 2015/2016 of \$81,900 is \$68,900 higher than the 2014/2015 amendment of \$13,000. As noted above, the amendment for the 2013/2014 General Fund budget was \$160,100.

The total 2nd amendments and the General Fund amendments in the past five years were as follows: (1) 2014/2015 total 2nd amendment of \$632,500 with \$13,000 in the General Fund, (2) 2013/2014 total 2nd amendment of \$1,115,800 with \$160,100 in the General Fund, (3) 2012/2013 total 2nd amendment of \$370,700 with \$93,300 in the General Fund, (4) for 2011/2012 the amendment totaled \$945,360 with \$65,500 in the General Fund, and (5) 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 FY 2015/2016 City budget on the agenda for the May 19, 2016 Council agenda. Please contact me if you have any questions.

70-653

CITY BUDGET AMENDMENT AND CERTIFICATION RESOLUTION - FY 2016 - AMENDMENT #2

To the Auditor of MUSCATINE County, Iowa:

The City Council of Muscatine In said County/Counties met on 5/19/2016, 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, 2016
(AS AMENDED LAST ON March 3, 2016.)

Be it Resolved by the Council of the City of Muscatine
Section 1. Following notice published May 7, 2016

and the public hearing held, 5/19/2016 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	12,404,951	0	12,404,951
Less: Uncollected Property Taxes-Levy Year	0	0	0
Net Current Property Taxes	12,404,951	0	12,404,951
Delinquent Property Taxes	0	0	0
TIF Revenues	1,954,900	0	1,954,900
Other City Taxes	3,510,003	0	3,510,003
Licenses & Permits	373,400	0	373,400
Use of Money and Property	1,166,952	0	1,166,952
Intergovernmental	11,671,813	5,000	11,676,813
Charges for Services	13,704,550	126,000	13,830,550
Special Assessments	0	0	0
Miscellaneous	4,861,930	13,500	4,875,430
Other Financing Sources	4,590,000	0	4,590,000
Transfers In	15,956,899	144,900	16,101,799
Total Revenues and Other Sources	70,195,398	289,400	70,484,798
Expenditures & Other Financing Uses			
Public Safety	8,763,800	46,400	8,810,200
Public Works	2,478,700	0	2,478,700
Health and Social Services	45,000	9,500	54,500
Culture and Recreation	3,359,950	0	3,359,950
Community and Economic Development	3,889,040	0	3,889,040
General Government	2,402,851	40,500	2,443,351
Debt Service	4,233,068	0	4,233,068
Capital Projects	5,112,000	132,700	5,244,700
Total Government Activities Expenditures	30,284,409	229,100	30,513,509
Business Type / Enterprises	22,959,285	562,100	23,521,385
Total Gov Activities & Business Expenditures	53,243,694	791,200	54,034,894
Transfers Out	15,956,899	144,900	16,101,799
Total Expenditures/Transfers Out	69,200,593	936,100	70,136,693
Excess Revenues & Other Sources Over (Under) Expenditures/Transfers Out Fiscal Year	994,805	-646,700	348,105
Beginning Fund Balance July 1	30,985,006	0	30,985,006
Ending Fund Balance June 30	31,979,811	-646,700	31,333,111

Passed this 19th day of May, 2016
(Day) (Month/Year)

Signature
City Clerk/Finance Officer

Signature
Mayor

City of Muscatine
FY 2015/2016 Proposed Budget Amendments
(Budget Amendment #2)
May 3, 2016

<u>Fund/Department</u>	<u>Account</u>	<u>Expenditure Amendment</u>	<u>Comments</u>	<u>Revenues/ Transfers In Amendment</u>
General Fund				
Legal Services				
City Attorney Fees	1000-01-1121-61220	\$ 20,000	Based on actual to date and estimate for May and June	\$ -
Human Resources:				
Labor Attorney Fees	1000-01-1132-61220	10,000	Based on actual to date and estimate for May and June	-
Advertising	1000-01-1132-65100	2,500	Based on actual to date and estimate for May and June	-
IT:				
Software Maintenance	1000-05-1146-61340	3,000	Add Email achieving and endpoint security software; total estimated cost is \$5,000, can absorb \$2,000	-
Building and Grounds:				
Building Equipment Repair	1000-40-1151-67330	5,000	Based on actual to date and estimate for remainder of year	-
Fire Operations:				
Overtime	1000-20-1321-43100	20,000	Based on actual to date and estimate for remainder of year	-
Equipment Repair Services	1000-20-1321-67320	5,000	Based on actual to date and estimate for remainder of year	-
Operating Equipment	1000-20-1321-74200	16,400	Replace two thermal imagers, partial insurance reimbursement	10,000
Roadway Maintenance:				
Fulltime Wages	1000-40-1621-41100	17,900	Less allocated to Snow & Ice	-
Overtime	1000-40-1621-43100	7,600	Less allocated to Snow & Ice	-
FICA	1000-40-1621-45100	1,600	Less allocated to Snow & Ice	-
Medicare	1000-40-1621-45150	400	Less allocated to Snow & Ice	-
IPERS	1000-40-1621-45200	2,200	Less allocated to Snow & Ice	29,700
Snow & Ice Control:				
Fulltime Wages	1000-40-1622-41100	(17,900)	Reduced allocation based on actual Snow & Ice costs	-
Overtime	1000-40-1622-43100	(7,600)	Reduced allocation based on actual Snow & Ice costs	-
FICA	1000-40-1622-45100	(1,600)	Reduced allocation based on actual Snow & Ice costs	-
Medicare	1000-40-1622-45150	(400)	Reduced allocation based on actual Snow & Ice costs	-
IPERS	1000-40-1622-45200	(2,200)	Reduced allocation based on actual Snow & Ice costs	(29,700)
Total - General Fund		\$ 81,900		\$ 10,000
Enterprise/Internal Service Funds				
Refuse Collection:				
Temporary Part-Time Wages	5642-45-5642-42200	\$ 20,000	Based on actual to date and estimated through 6-30-16	\$ -
Overtime	5642-45-5642-43100	12,000	Based on actual to date and estimated through 6-30-16	-
FICA	5642-45-5642-45100	2,000	Based on actual to date and estimated through 6-30-16	-
Medicare	5642-45-5642-45150	500	Based on actual to date and estimated through 6-30-16	-
IPERS	5642-45-5642-45200	2,800	Based on actual to date and estimated through 6-30-16	-
Transfer Station Fees	5642-45-5642-62240	15,000	Based on actual to date and estimated through 6-30-16	-
Temp Services - Agencies	5642-45-5642-62410	5,000	Based on actual to date and estimated through 6-30-16	-
Inside Services	5642-45-5642-67110	8,000	Based on actual to date and estimated through 6-30-16	-
Outside Services	5642-45-5642-67130	16,000	Based on actual to date and estimated through 6-30-16	-
Brush Control Services Compost Site	5642-45-5643-62140	20,000	Based on actual to date and estimated through 6-30-16	-
Subtotal		\$ 101,300		\$ -
Landfill:				
Transfers Out - Closure Reserve	5652-45-5652-90500	\$ 4,400	Additional Transfer Required per Annual Engineering Report	\$ -
Transfers Out - Post-Closure Reserve	5652-45-5652-90500	7,800	Additional Transfer Required per Annual Engineering Report	-
Transfers In - Closure Reserve	5656-45-5656-39500	-	Additional Transfer Required per Annual Engineering Report	4,400
Transfers In - Post-Closure Reserve	5654-45-5654-39500	-	Additional Transfer Required per Annual Engineering Report	7,800
Subtotal		\$ 12,200		\$ 12,200

Fund/Department	Account	Expenditure Amendment	Comments	Transfers In Amendment
Transfer Station:				
Overtime	5658-45-5658-43100	\$ 7,500	Based on actual to date and estimated through 6-30-16	\$ -
Landfill Fees	5658-45-5658-62240	115,000	Increased waste volume based on actual to date and est'd add'l	-
Hauling Services	5658-45-5658-62520	39,000	Increased waste volume based on actual to date and est'd add'l	-
Rentals	5658-45-5658-63300	13,400	Based on actual to date and estimated through 6-30-16	-
Building Equipment Repairs	5658-45-5658-67200	23,000	Based on actual to date including loadout tunnel repairs	-
			Est'd revenue from increased tonnage 5658-45-5658-35225	110,000
Equipment - Track Loader	4828-45-4828-74200	211,000	Funded from Internal Loan	-
Subtotal		<u>\$ 408,900</u>		<u>\$ 110,000</u>
Ambulance Operations:				
Temporary Part-Time Ambulance	5811-20-5811-42200	13,500	Based on actual to date and estimated through 6-30-16	-
FICA	5811-20-5811-45100	800	Based on actual to date and estimated through 6-30-16	-
Medicare	5811-20-5811-45150	200	Based on actual to date and estimated through 6-30-16	-
IPERS	5811-20-5811-45200	1,400	Based on actual to date and estimated through 6-30-16	-
Medical Supplies	5811-20-5811-8500	8,500	Based on actual to date and estimated through 6-30-16	-
Repair & Maintenance Services	5811-20-5811-67130	7,600	Based on ambulance repairs to date and estimated thru 6-30-16	-
Operating Equipment	5811-20-5811-74200	3,500	Training manikan; grant funded 5811-20-5811-35220	3,500
			Ambulance Fees - Amt Over Prior Year Accrual 5811-20-5811-35161	16,000
Subtotal		<u>\$ 35,500</u>		<u>\$ 19,500</u>
Clark House:				
Plumbing Supplies	9002-90-9020-44206	\$ 2,500	Based on actual to date and estimated through 6-30-16	\$ -
Pest Control Services	9002-90-9020-44303	1,200	Based on actual to date and estimated through 6-30-16	-
HVAC Services	9002-90-9020-44308	2,500	Based on actual to date and estimated through 6-30-16	-
Security Services	9002-90-9020-44305	500	Based on actual to date and estimated through 6-30-16	-
Boiler Repair Services	9002-90-9020-44309	1,100	Based on actual to date and estimated through 6-30-16	-
Building Repair Services	9002-90-9020-44310	4,000	Based on actual to date and estimated through 6-30-16	-
Collection Losses	9002-90-9020-45700	1,500	Based on actual to date and estimated through 6-30-16	-
		<u>\$ 13,300</u>		<u>\$ -</u>
Sunset Park:				
Pest Control Services	9006-90-9060-44303	\$ 1,300	Based on actual to date and estimated through 6-30-16	\$ -
Other Repair/Maintenance Services	9006-90-9060-44315	1,800	Based on actual to date and estimated through 6-30-16	-
Subtotal		<u>\$ 3,100</u>		<u>\$ -</u>
Total Enterprise Funds		<u>\$ 574,300</u>		<u>\$ 141,700</u>
Special Revenue Funds				
Road Use Tax Fund:				
Transfer for Increased Costs for Cedar Street	8200-00-8214-90000	\$ 132,700	For increased final costs for Cedar Street including concrete incentives (reduction in transfer for Snow & Ice should offset)	\$ -
Subtotal		<u>\$ 132,700</u>		<u>\$ -</u>
Police Forfeitures:				
Operating Equipment	8660-15-8660-74200	\$ 5,000	Based on actual to date and estimated additional; available balance	\$ -
Section 8 Voucher Program:				
General Office Supplies	9007-90-9070-41901	\$ 400	Based on actual to date and estimated through 6-30-16	\$ -
Printing Supplies	9007-90-9070-41902	950	Based on actual to date and estimated through 6-30-16	-
Telephone Charges	9007-90-9070-41904	250	Based on actual to date and estimated through 6-30-16	-
Postage and Freight	9007-90-9070-41905	1,400	Based on actual to date and estimated through 6-30-16	-
Publications	9007-90-9070-41906	200	Based on actual to date and estimated through 6-30-16	-
Computer Hardware/Software Maint.	9007-90-9070-41908	250	Based on actual to date and estimated through 6-30-16	-
Other Admin Expenses	9007-90-9070-41910	700	Based on actual to date and estimated through 6-30-16	-
Hsg Assistance Pmts	9007-90-9070-47150	5,000	Based on actual to date and estimated through 6-30-16 HUD HAPS funding 9007-90-9070-36903	5,000
General Office Supplies	9007-90-9071-41901	100	Based on actual to date and estimated through 6-30-16	-
Printing Supplies	9007-90-9071-41902	100	Based on actual to date and estimated through 6-30-16	-
Telephone Charges	9007-90-9071-41904	150	Based on actual to date and estimated through 6-30-16	-
Subtotal - Section 8 Voucher Program		<u>\$ 9,500</u>		<u>\$ 5,000</u>
Total Special Revenue Funds		<u>\$ 147,200</u>		<u>\$ 5,000</u>
Capital Projects Funds:				

Fund/Department	Account	Expenditure Amendment	Comments	Transfers In Amendment
Cedar Street Improvements:		-		
Final Contract Payments and MP&W Reimbursements	No Ledger Entry	\$ 132,700	Includes concrete incentives required by IDOT contracts Road Use Tax Transfer In (no ledger entry)	\$ 132,700
		<u>\$ 132,700</u>		<u>\$ 132,700</u>
Total Budgeted Funds (Including Transfers Out)		<u>\$ 936,100</u>		<u>\$ 289,400</u>
Expenditure Breakout:			Revenue Breakout:	
Expenditure Increase		\$ 791,200	Increased Revenues	\$ 144,900
Funding Transfer Increase		144,900	Increased Transfers In	144,900
Total		<u>\$ 936,100</u>		<u>\$ 289,400</u>