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FINANCE & RECORDS

MEMO

To: Gregg Mandsager, City Administrator

From: Nancy A. Lueck, Finance Director

Date: May 9, 2017

Re: Resolution Approving Amendment #2 to the 2016/2017 City Budget

Introduction and Background:

At the May 4, 2017 meeting, the City Council set a public hearing for May 18 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 2016/2017 budget on March 2, 2017. 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 \$602,500 and transfers out will increase by \$92,500. Of the total expenditure amendment \$148,400 (24.6%) is to repair damages caused by the March 6, 2017 tornado. Budgeted revenues are proposed to be amended by \$177,900 and transfers in by \$92,500. The revenue amendment includes a total of \$133,400 in insurance reimbursements for tornado damages (costs less deductibles). Of the overall requested expenditure increase, General fund amendments total \$327,600, enterprise fund amendments total \$196,900, special revenue \$5,000, and trust funds \$73,000.

General Fund expenditures are proposed to be amended by a total of \$327,600. This is higher than the increases in the 2nd amendments for recent years. The 2nd amendment to the 2015/2016 budget was \$81,900, it was \$13,000 for 2014/2015, and it was \$160,100 for 2013/2014. The 2016/2017 amendments include: (1) an increase of \$120,000 in general government expenditures for legal costs, (2) a \$1,500 increase in the Building and Grounds budget for building repair costs partially reimbursed by MP&W, (3) a \$41,600 increase in the Police budget for Special Response Team equipment funded 100% by an outside contribution, (4) a \$40,000 increase in the Fire department budget for medical services for two on-the-job injuries and retiree medical costs, (5) a \$43,400 increase for tornado damages in Kent Stein Park and the Soccer Complex, and (6) an \$81,100 increase in the Snow & Ice Control budget for purchasing salt for next winter from the City of Davenport. The salt budget for 2017/2018 budget will be eliminated by purchasing Davenport's excess inventory this year. There were also offsetting increases and decreases in the Roadway Maintenance and Snow & Ice Control budgets due to the mild winter.

Enterprise fund expenditure amendments total \$196,900 and include (1) \$95,000 for tornado damages to the boat harbor with this amount to be reimbursement by insurance, (2) \$35,000 in increased vehicle and equipment maintenance costs in the Refuse Collection fund, (3) \$5,000 for increased maintenance costs in the Transfer Station fund, (4) \$10,000 in increased irrigation pump repair costs at the Golf Course, (5)

\$25,500 in the Collection & Drainage fund for increased sewer repairs on East 5th Street and increased legal fees, (6) \$2,000 for increased WPCP Lab overtime costs, and (7) increases totaling \$24,400 in the City's public housing programs which includes \$10,000 in tornado damages which is the amount of the housing insurance deductible.

The balance of the amendments are in (1) the Police Forfeitures fund (\$5,000), (2) Library Trust fund (\$60,000), and (3) Art Center Trust funds (\$13,000). The total amendment of \$602,500 is \$188,700 less than the total of amendment #2 for the 2015/2016 fiscal year of \$791,200.

The proposed General Fund expenditure amendments would result in a decrease in fund balance of \$165,400. 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.

Summary:

As noted previously, the total proposed amendment of \$602,500 is \$188,700 less than the total amendment of \$791,200 in 2015/2016.

The General Fund amendment for 2016/2017 of \$327,600 is \$245,700 higher than the 2015/2016 2nd amendment of \$81,900.

The total 2nd amendments and the General Fund amendments in the past six years were as follows: (1) 2015/2016 total 2nd amendment of \$791,200 with \$81,900 in the General Fund, (2) 2014/2015 total 2nd amendment of \$632,500 with \$13,000 in the General Fund, (3) 2013/2014 total 2nd amendment of \$1,115,800 with \$160,100 in the General Fund, (4) 2012/2013 total 2nd amendment of \$370,700 with \$93,300 in the General Fund, (5) for 2011/2012 the amendment totaled \$945,360 with \$65,500 in the General Fund, and (6) 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 2016/2017 City budget on the agenda for the May 18, 2017 Council agenda. Please contact me if you have any questions.

70-653

CITY BUDGET AMENDMENT AND CERTIFICATION RESOLUTION - FY 2017 - AMENDMENT #2

To the Auditor of MUSCATINE County, Iowa:

The City Council of Muscatine in said County/Counties met on 5/18/2017, 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. _____ <== ENTER RESOLUTION NUMBER

A RESOLUTION AMENDING THE CURRENT BUDGET FOR THE FISCAL YEAR ENDING JUNE 30, 2017
(AS AMENDED LAST ON 3/2/2017.)

Be it Resolved by the Council of the City of Muscatine

Section 1. Following notice published 5/6/2017

and the public hearing held, 5/18/2017 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	1	13,063,348	0	13,063,348
Less. Uncollected Property Taxes - Levy Year	2	0	0	0
Net Current Property Taxes	3	13,063,348	0	13,063,348
Delinquent Property Taxes	4	0	0	0
TIF Revenues	5	1,875,400	0	1,875,400
Other City Taxes	6	3,642,609	0	3,642,609
Licenses & Permits	7	416,400	0	416,400
Use of Money and Property	8	1,125,945	0	1,125,945
Intergovernmental	9	10,702,895	0	10,702,895
Charges for Services	10	14,195,740	0	14,195,740
Special Assessments	11	0	0	0
Miscellaneous	12	8,389,300	177,900	8,567,200
Other Financing Sources	13	0	0	0
Transfers In	14	16,704,703	92,500	16,797,203
Total Revenues and Other Sources	15	70,116,340	270,400	70,386,740
Expenditures & Other Financing Uses				
Public Safety	16	9,238,400	86,600	9,325,000
Public Works	17	2,804,500	81,100	2,885,600
Health and Social Services	18	45,000	0	45,000
Culture and Recreation	19	3,536,700	116,400	3,653,100
Community and Economic Development	20	4,156,732	0	4,156,732
General Government	21	2,637,595	121,500	2,759,095
Debt Service	22	2,817,255	0	2,817,255
Capital Projects	23	12,848,400	0	12,848,400
Total Government Activities Expenditures	24	38,084,582	405,600	38,490,182
Business Type / Enterprises	25	21,929,925	196,900	22,126,825
Total Gov Activities & Business Expenditures	26	60,014,507	602,500	60,617,007
Transfers Out	27	16,704,703	92,500	16,797,203
Total Expenditures/Transfers Out	28	76,719,210	695,000	77,414,210
Excess Revenues & Other Sources Over (Under) Expenditures/Transfers Out Fiscal Year	29	-6,602,870	-424,600	-7,027,470
Beginning Fund Balance July 1	30	34,416,681	0	34,416,681
Ending Fund Balance June 30	31	27,813,811	-424,600	27,389,211

Passed this 18 day of May, 2017
(Day) (Month/Year)

Signature
City Clerk/Finance Officer

Signature
Mayor Pro Tem

City of Muscatine
FY 2016/2017 Proposed Budget Amendments
(Budget Amendment #2)
May 1, 2017

Fund/Department	Account	Expenditure Amendment	Comments	Revenues/ Transfers In Amendment
<u>General Fund</u>				
Legal Services				
City Attorney Fees	1000-01-1121-61220	\$ 120,000	Based on actual to date and estimate for May and June	\$ -
Building and Grounds:				
Carpet Replacement Art Center	1000-40-1151-73700	1,500	Damaged by MP&W; partially reimbursed by MP&W	1,100
Police Operations:				
Operating Equipment	1000-15-1311-74200	41,600	Special Response Team equipment; Kent Corporation donation	41,600
Fire Operations:				
Medical Services	1000-20-1321-61520	40,000	Medical services for two on-the-job injuries	-
Park Maintenance:				
Building Repair Services	1000-25-1423-67200	1,000	Riverview Center roof; insurance reimb. for tornado damage	1,000
Improvement Repair Services	1000-25-1427-67400	3,800	Riverfront kiosk damaged by tornado; insurance reimbursement	3,800
Kent Stein Parks:				
Building Repair Services	1000-25-1424-67330	200	Roof repairs; insurance reimbursement for tornado damage	200
Park Improvements - Bleachers	1000-25-1424-73500	2,200	Bleachers; insurance reimbursement for tornado damage	2,200
Park Imp. - Ball Diamond Fence	1000-25-1424-73500	4,700	Fence damaged by tornado; insurance reimbursement	4,700
Soccer:				
Building Repair Services	1000-25-1427-67330	1,500	Gutter repair; insurance reimbursement for tornado damage	1,500
Park Improvements - Lights	1000-25-1427-73500	30,000	Lights damaged by tornado; insurance reimb net of deductible	25,000
Note - Additional Tornado Damage in Boat Harbor and Housing budgets				
Roadway Maintenance:				
Fulltime Wages	1000-40-1621-41100	34,100	Less allocated to Snow & Ice	
Overtime	1000-40-1621-43100	3,500	Less allocated to Snow & Ice	
FICA	1000-40-1621-45100	2,400	Less allocated to Snow & Ice	
Medicare	1000-40-1621-45150	500	Less allocated to Snow & Ice	
IPERS	1000-40-1621-45200	3,300	Less allocated to Snow & Ice	43,800
Inside Services	1000-40-1621-67110	39,000	Based on actual to date and estimated through 6-30-17	
Outside Services - Materials/Labor	1000-40-1621-67130	11,500	Based on actual to date and estimated through 6-30-17	
Tires and Repairs	1000-40-1621-67140	10,000	Based on actual to date and estimated through 6-30-17	
Outside Parts	1000-40-1621-67150	11,500	Based on actual to date and estimated through 6-30-17	
Improvement Repair Services	1000-40-1621-67400	8,000	Based on actual to date	
Operating Equipment	1000-40-1621-74200	(10,000)	Reduction for Cold Planer based on bids (Zipper or Road Hog)	70,000
Snow & Ice Control:				
Fulltime Wages	1000-40-1622-41100	(26,600)	Reduced allocation based on actual Snow & Ice costs	
Overtime	1000-40-1622-43100	(11,000)	Reduced allocation based on actual Snow & Ice costs	
FICA	1000-40-1622-45100	(2,400)	Reduced allocation based on actual Snow & Ice costs	
Medicare	1000-40-1622-45150	(500)	Reduced allocation based on actual Snow & Ice costs	
IPERS	1000-40-1622-45200	(3,300)	Reduced allocation based on actual Snow & Ice costs	(43,800)
Salt Purchase for FY 2017/2018	1000-40-1622-52230	81,100	Purchase excess inventory from Davenport for next year (To be funded from Road Use Taxes in FY 17; will reduce FY 18 expenses)	81,100
Diesel	1000-40-1622-52730	(12,000)	Based on actual costs (mild winter)	
Contracted Snow Removal	1000-40-1622-62470	(41,000)	Based on actual costs (mild winter)	
Inside Services	1000-40-1622-67110	(6,000)	Based on actual costs (mild winter)	
Inside Services Inventory Materials	1000-40-1622-67120	(5,000)	Based on actual costs (mild winter)	
Outside Parts	1000-40-1622-67150	(6,000)	Based on actual costs (mild winter)	(70,000)
Total - General Fund		\$ 327,600		\$ 162,200

Fund/Department	Account	Expenditure Amendment	Comments	Transfers In Amendment
<u>Enterprise/Internal Service Funds</u>				
Boat Harbor Operations:				
Improvement Repair Services	5461-25-5461-67130	\$ 400	Boat Dock inspections for tornado damage; insurance reimb	\$ 400.00
Improvement Repair Services	5461-25-5461-67400	22,500	House boat dock electric repairs; insurance reimbursement	22,500
Improvement Repair Services	5461-25-5461-67400	2,500	House boat dock water line; insurance reimbursement	2,500
Improvement Repair Services	5461-25-5461-67400	40,700	House boat dock repairs; insurance reimbursement	40,700
Improvement Repair Services	5461-25-5461-67400	28,900	Transient dock repairs; insurance reimbursement	28,900
Subtotal		<u>\$ 95,000</u>		<u>\$ 95,000</u>
Golf Course Maintenance Operations:				
Other Improvements - Irrigation Pump	5451-25-5451-73900	10,000	Irrigation system repairs; amount over original estimate	.
Subtotal		<u>\$ 10,000</u>		<u>\$.</u>
Refuse Collection:				
Inside Services	5642-45-5642-67110	\$ 12,000	Based on actual to date and estimated through 6-30-17	.
Outside Services	5642-45-5642-67130	50,000	Based on actual to date and estimated through 6-30-17	.
Tires/Tire Repairs	5642-45-5642-67140	2,000	Based on actual to date and estimated through 6-30-17	.
Outside Parts	5642-45-5642-67150	1,000	Based on actual to date and estimated through 6-30-17	.
Operating Equipment Repair	5642-45-5642-67320	(30,000)	Move original Cat repair budget to Outside Services 67130	
Subtotal		<u>\$ 35,000</u>		<u>\$.</u>
Landfill:				
Transfers Out - Closure Reserve	5652-45-5652-90500	\$ 11,400	Additional Transfer Required per Annual Engineering Report	\$.
Transfers In - Closure Reserve	5656-45-5656-39500	-	Additional Transfer Required per Annual Engineering Report	11,400
Subtotal		<u>\$ 11,400</u>		<u>\$ 11,400</u>
Transfer Station:				
Building Repairs/Maint.	5658-45-5658-67200	\$ 2,000	Based on actual to date and estimated through 6-30-17	\$.
Building Equipment Repairs	5658-45-5658-67330	3,000	Based on actual to date and estimated through 6-30-17	.
Subtotal		<u>\$ 5,000</u>		<u>\$.</u>
WPCP - Lab Operations:				
Overtime	5660-50-5665-43100	\$ 2,000	Based on actual to date; related to samples for Nutrient Study	\$.
Subtotal		<u>\$ 2,000</u>		<u>\$.</u>
Collection & Drainage:				
Legal Services	5664-40-5664-61220	\$ 15,000	Legal services for Drainage District proposed annexation lawsuit	.
Sewer Improvements	5664-40-5664-73100	10,500	Increase for emergency sewer repairs on East 5th Street	
Subtotal		<u>\$ 25,500</u>		<u>\$.</u>
Clark House:				
Casualty Losses	9002-90-9020-46200	\$ 10,000	Tornado damages; insurance deductible of \$10,000	\$.
		<u>\$ 10,000</u>		<u>\$.</u>
Sunset Park:				
Pest Control Services	9006-90-9060-44303	\$ 1,600	Based on actual to date and estimated through 6-30-17	\$.
Equipment Purchases	9006-90-9060-75400	8,500	Water heater and appliance replacements	\$.
Collection Losses	9006-90-9060-45700	4,300	Estimated year-end write-offs for vacated tenants	.
Subtotal		<u>\$ 14,400</u>		<u>\$.</u>
Total Enterprise Funds		<u>\$ 208,300</u>		<u>\$ 106,400</u>
<u>Special Revenue Funds</u>				
Road Use Tax Fund:				
Transfer for Increased Salt Purchase (for FY 18)	8200-00-8214-90400	\$ 81,100	Purchased City of Davenport's excess salt inventory; will result in no salt needing to be purchased in FY 18	\$.
Subtotal		<u>\$ 81,100</u>		<u>\$.</u>
Police Forfeitures:				
Operating Equipment	8660-15-8660-74200	\$ 5,000	Based on actual to date and estimated additional	\$.
Total Special Revenue Funds		<u>\$ 86,100</u>		<u>\$.</u>

Fund/Department	Account	Expenditure Amendment	Comments	Transfers In Amendment
Trust & Agency Funds				
Library Trust:				
Printing Supplies	3981.30-3981-51300	\$ 500	Based on actual to date and estimated additional thru 6-30-17	\$ -
Food	3981.30-3981-52600	400	Based on actual to date and estimated additional thru 6-30-17	-
Miscellaneous Operating Supplies	3981.30-3981-52890	100	Based on actual to date and estimated additional thru 6-30-17	-
Other Professional Services	3981.30-3981-61660	38,000	Based on actual to date and estimated additional thru 6-30-17	-
Program Fees	3981.30-3981-62460	5,000	Based on actual to date and estimated additional thru 6-30-17	-
Registrations	3981.30-3981-64200	1,000	Based on actual to date and estimated additional thru 6-30-17	-
Actual Travel Expenses	3981.30-3981-64120	3,500	Based on actual to date and estimated additional thru 6-30-17	-
Advertising	3981.30-3981-65100	11,500	Based on actual to date and estimated additional thru 6-30-17	-
Subtotal		<u>\$ 60,000</u>		<u>\$ -</u>
General Art Center Trust:				
Art	3991.38-3991-74540	\$ 12,000	Available balance and donation for art purchase	
			Donation 3991.35-3991-3850	\$ 1,800
McWhirter-Gillmore Trust:				
Building Maintenance	3992.35-3992-67200	\$ 1,000	Available balance for facilities projects	\$ -
Total Trust & Agency Funds		<u>\$ 73,000</u>		<u>\$ 1,800</u>
Total Budgeted Funds (Including Transfers Out)		<u>\$ 695,000</u>		<u>\$ 270,400</u>
Expenditure Breakout:			Revenue Breakout:	
Expenditure Increase		\$ 602,500	Increased Revenues	\$ 177,900
Funding Transfer Increase		92,500	Increased Transfers In	92,500
Total		<u>\$ 695,000</u>		<u>\$ 270,400</u>