

City of Muscatine

Budget Basis Financial Statement Overview

Year Ended June 30, 2017

City of Muscatine, Iowa
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Year Ended June 30, 2017

Revenues:

Taxes:

Property	\$ 7,144,849.64
Utility	26,078.16
Hotel/Motel	441,079.24
Cable Franchise	176,094.75
Utility Franchise	81,398.55
Licenses and permits	426,846.76
Fines and forfeitures	862,417.16
Intergovernmental	890,120.87
Charges for services	579,212.94
Use of money and property	138,472.11
Other	<u>804,625.12</u>
 Total revenues	 <u>\$ 11,571,195.30</u>

Expenditures:

Current:

Public safety	\$ 8,867,097.51
Public works	2,262,482.99
Health and social service	45,000.00
Culture and recreation	2,963,377.59
Community and economic development	764,146.08
General government	2,574,044.97

Capital outlay:

Public safety	113,506.65
Public works	487,968.69
Culture and recreation	148,339.34
Community and economic development	2,982.10
General government	16,399.51

Total expenditures

\$ 18,245,345.43

Revenues (under) expenditures

\$ (6,674,150.13)

Other financing sources (uses):

Operating transfers in (includes transfers from the Employee Benefits, Road Use Tax, Ambulance, Perpetual Care Interest, and TIF funds) \$ 7,550,240.48

Operating transfers out (includes transfer of tax levy proceeds to the Transit and Mad Creek Levee project as well as transfers to the Equipment Replacement and Computer Replacement funds) (625,935.70)

Total other financing sources (uses) \$ 6,924,304.78

Revenues and other sources over (under) expenditures and other uses \$ 250,154.65

Fund balance, June 30, 2016 4,273,804.62

Fund balance, June 30, 2017 \$ 4,523,959.27

Less reserve for encumbrances 211,568.46

Unreserved balance, June 30, 2017 \$ 4,312,390.81

City of Muscatine
General Fund
Fund Balance Analysis
Fiscal Year Ended June 30, 2017

Original Budget - Ending Fund Balance	\$ 3,666,961
Original Revised Estimate - Ending Fund Balance	\$ 4,356,665
Actual Ending Fund Balance (Reflects all Encumbrances including those funded from Road Use Tax)	<u>\$ 4,312,391</u>
Actual over (under) Revised Estimate by	<u>\$ (44,274)</u>
General Fund Balance as a Percent of FY 2016/2017 Expenditures (Revised Estimate Projected Percentage at 23.0%; original budget 19.5%)	<u>22.84%</u>

NOTE:

Actual Ending Fund Balance <u>Without</u> Road Use Tax Funded Encumbrances (\$165,870.93 of Encumbrances will be funded from Road Use Taxes in FY 18)	<u>\$ 4,478,262</u>
Actual over Revised Estimate <u>Without</u> Road Use Tax Encumbrances	<u>\$ 121,597</u>
General Fund Balance as a Percent of FY 2016/2017 Expenditures without Road Use Tax Funded Encumbrances	<u>23.72%</u>

Budgeted Items not Purchased - Requested to be Carried Forward

to FY 2017/2018:

None

\$ -

*** Revenues under original Revised Estimate by \$138,815:**

Significant Revenue Items:

Tax Collections <u>over</u> Revised Estimate	\$ 14,333
Utility Taxes <u>under</u> Revised Estimate	(1,521)
Utility Franchise Fees <u>under</u> Revised Estimate	(3,601)
Commercial/Industrial State Reimbursement <u>under</u> Revised Estimate	(1,384)
Cable Franchise Fees <u>under</u> Revised Estimate	(12,905)
Road Use Tax Transfer in to General Fund <u>under</u> original Revised Estimate (Corresponding Public Works expenditures also under Rev. Est.; Transfer for \$165,871 of Encumbrances will be done in FY 18)	(227,436)
Employee Benefits funding <u>over</u> Revised Estimate (Corresponding expenditures also over Rev. Est. due to retirement payout)	10,963
Health Insurance Wellness Program funding <u>under</u> Revised Estimate (Corresponding expenditures also under Rev. Est.)	(5,322)
Hotel/Motel Tax <u>over</u> Revised Estimate	76,079
Building & Zoning Revenues <u>over</u> Revised Estimate	19,356

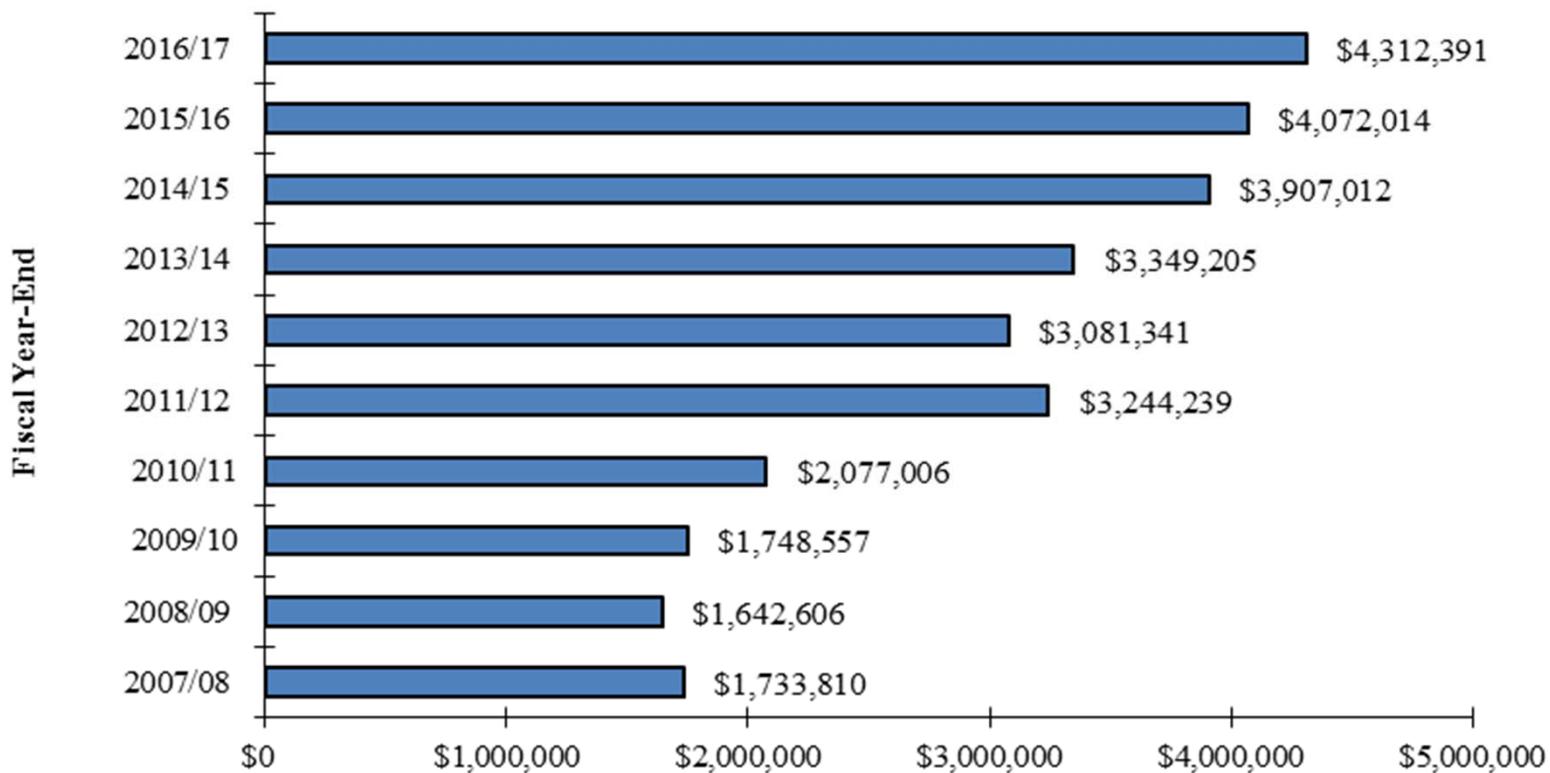
Library Revenues <u>under</u> Revised Estimate	(1,048)
Art Center Revenues <u>under</u> Revised Estimate	(1,050)
Parks and Recreation Revenues <u>under</u> original Revised Estimate	(5,729)
Cemetery Revenues <u>under</u> original Revised Estimate	(3,507)
Public Works Revenues <u>under</u> original Revised Estimate	(4,225)
Police Grants <u>over</u> Revised Estimate	6,871
Court Fines <u>under</u> Revised Estimate	(13,342)
Automatic Traffic Enforcement Fines <u>under</u> Revised Estimate (Due to court mandate to discontinue tickets at University intersection effective April 25, 2017)	(47,984)
Other Police Revenues <u>over</u> Revised Estimate (Includes \$ 41,565.00 donation for Special Response Team equipment)	63,341
License and Permit Revenues <u>over</u> original Revised Estimate	1,320
Fire Department Revenues <u>under</u> original Revised Estimate (Budgeted for a \$30,000 donation not received)	(16,121)
Interest Income <u>over</u> original Revised Estimate	16,955
Various Other Revenues <u>under</u> Revised Estimate (Net)	<u>(2,858)</u>
	<u><u>\$ (138,815)</u></u>

* Expenditures under Original Revised Estimate by \$94,486

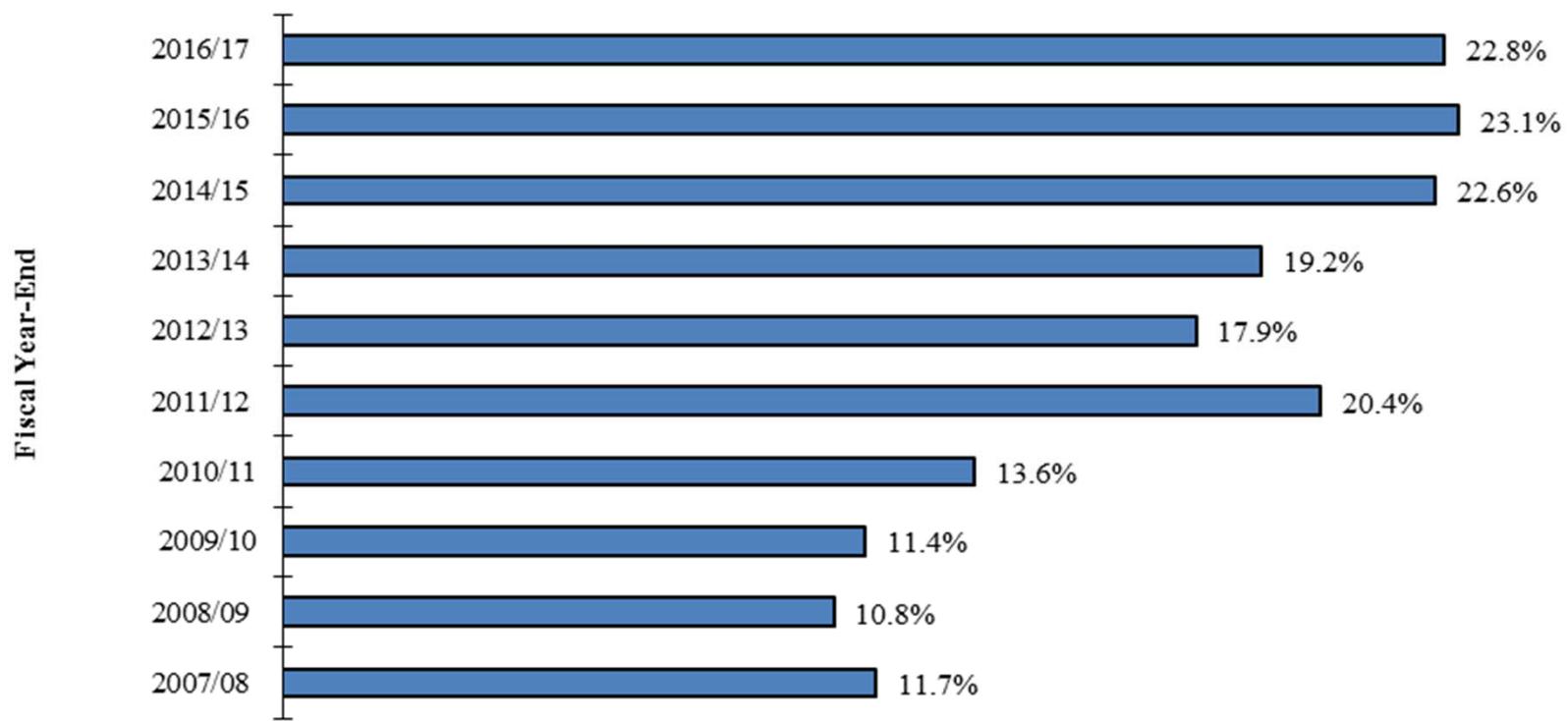
Significant Expenditure Items:

Item Carried Forward (None in FY 17)	\$ -
General government activities <u>over</u> original Revised Estimate (Under amended budget by \$74,322)	(47,178)
Public safety activities <u>under</u> original Revised Estimate	1,420
Library, Art Center and Parks <u>under</u> original Revised Estimate	43,685
Community/Economic Development <u>under</u> original Rev. Est.	25,520
Public Works activities <u>under</u> original Revised Estimate (net of carryforwards)	53,188
Airport Subsidy <u>under</u> original Revised Estimate	19,428
Levee Tax Levy, Transit Tax Levy Transfers and Misc. <u>over</u> Revised Estimate	(1,577)
	<u><u>\$ 94,486</u></u>

General Fund Fund Balance History



Fiscal Year-End General Fund Balances as a Percent of Expenditures



City of Muscatine
Fund Balance Comparison - Operating Funds
June 30, 2017

<u>Fund</u>	Original Budget	Revised Estimate	Actual 6-30-17	Variance	
				Favorable	(Unfavorable)
General Fund	\$ 3,666,960	\$ 4,356,665	\$ 4,312,391	\$ (44,274) (1)	
Debt Service Fund					
General Obligation	196,164	242,950	257,173	14,223 (2)	
Enterprise Funds:					
Water Pollution Control Operations	1,422,890	1,553,682	1,731,777	178,095 (3)	
Collection and Drainage	497,475	566,425	629,770	63,345 (4)	
Solid Waste Management:					
Refuse Collection	(145,606)	(260,615)	(236,908)	23,707 (5)	
Landfill Operations	716,265	716,191	993,064	276,873 (6)	
Landfill Closure Reserve	990,785	886,674	897,991	11,317	
Landfill Post-Closure Reserve	823,792	952,555	940,638	(11,917)	
Transfer Stations Operations	(110,649)	93,743	166,418	72,675 (7)	
Transfer Station Closure Reserve	38,395	33,795	33,825	30	
Parking System	35,349	55,955	78,383	22,428 (8)	
Transit System	132,899	418,257	588,882	170,625 (9)	
Golf Course Operations (includes Clubhouse inventory)	(39,196)	47,266	48,758	1,492 (10)	
Boat Harbor Operations	2,850	2,665	(98,562)	(101,227) (11)	
Marina Operations (includes inventory)	(3,804)	(4,606)	(3,630)	976	
Ambulance Operations	196,821	186,498	285,164	98,666 (12)	
CVB	63,447	91,932	118,088	26,156 (13)	
Internal Service Funds:					
Equipment Services (net of inventory)	41,517	3,555	45,202	41,647 (14)	
Health Insurance	1,051,078	1,020,997	1,418,519	397,522 (15)	
Dental Insurance	3,229	12,335	28,072	15,737 (16)	

City of Muscatine
Fund Balance Comparison - Operating Funds
June 30, 2017

Fund	Original Budget	Revised Estimate	Actual 6-30-17	Variance	
				Favorable	(Unfavorable)
Special Revenue Funds:					
Employee Benefits	-	54,337	57,105	2,768	(17)
Emergency Tax Levy	80,801	80,809	80,967	158	
Community Block Grant	23,602	26,636	30,734	4,098	
Home Ownership Program	54,432	57,554	72,573	15,019	
Sunset Children's Education Program	6,953	1,778	2,165	387	
Small Business Forgivable Loan Program	210	-	81,790	81,790	(18)
Local Option Sales Tax	23,343	460,062	237,759	(222,303)	(19)
Road Use Tax	334,958	868,932	1,254,789	385,857	(20)
Tax Increment (Downtown)	41,852	44,384	49,015	4,631	
Tax Increment (Southend)	802,555	892,571	918,361	25,790	(21)
Tax Increment (Cedar Development)	44,741	55,273	55,546	273	
Tax Increment (Muscatine Mall)	12,540	32,151	32,139	(12)	
Tax Increment (Heinz)	4,883	5,888	5,865	(23)	
Tax Increment (Hwy 38 NE)	4,590	14,389	14,569	180	
Tax Increment (Fridley)	4,700	10,030	10,086	56	
Equipment Replacement	66,385	49,597	75,421	25,824	
Computer Replacement - City	-	-	29,205	29,205	
Computer Replacement - Library	2,242	22,722	26,863	4,141	
Police Forfeitures Fund	40,274	13,240	13,209	(31)	
Clark House/Sunset Park Operations	44,413	4,702	44,713	40,011	(22)
Section 8 Voucher Program	30,614	57,022	113,386	56,364	(23)
Totals	\$ 11,204,749	\$ 13,728,996	\$ 15,441,275	\$ 1,712,279	

1. See General Fund analysis.
2. Debt service tax collections \$9,425 higher than revised estimate; interest \$3,396 higher than estimate; State reimbursement \$98 less than estimate; bond paying agent costs \$1,500 less than estimate.
3. Water Pollution Control revenues were \$91,372 more than the revised estimate; expenditures were under the revised estimate by \$86,723.
4. Collection and Drainage expenditures under revised estimate by \$51,708; revenues over by \$4,662; \$6,975 of prior year encumbrances were written off.
5. Refuse Collection expenditures over original revised estimate by \$5,514 revenues over by \$29,221.
6. Landfill revenues under estimate by \$1,612. Expenditures under by \$278,485; \$94,544 allocation for ground water remediation will be carried forward to FY 18.
7. Transfer Station revenues \$27,825 higher than original estimate; expenditures under original revised estimate by \$44,850.
8. Parking revenues over revised estimate by \$10,510. Expenditures under original revised estimate by \$11,918.
9. Transit revenues over original revised estimate by \$87,216; expenditures under by \$83,409.
10. Golf Course revenues under the original revised estimate by \$70,395; expenditures as adjusted for inventory and compensated absence change under by \$71,887.
11. Boat Harbor deficit of \$98,562 includes an encumbrance of \$91,679 for storm damage repair that is expected to be 100% covered by insurance. Without the encumbrance the Boat Harbor still has a deficit fund balance of \$6,884, which is \$9,549 less than the original revised estimate. Boat Harbor revenues were under the revised estimate by \$9,956 and expenditures under by \$407.
12. Ambulance revenues over revised estimate by \$82,105. Expenditures under original revised estimate by \$16,561.

13. CVB revenues under revised estimate by 2,313; expenditures under by \$28,469.
14. Equipment Services revenues under original revised estimate by \$188,168; expenditures under by \$229,815; fuel and maintenance costs less than budgeted.
15. Health insurance claims, admin fees, etc. were \$418,599 less than estimated; Wellness Program funding \$5,322 less than estimated. Revenues were \$26,399 less than estimated.
16. Dental insurance claims, admin fees, etc. were \$17,713 less than estimated; revenues \$1,976 less than estimated.
17. General fund employee benefit costs were \$10,964 more than the revised estimate due to a retirement late in the fiscal year; revenues were \$13,732 higher than estimated.
18. Balance of \$81,790 in Small Business Forgivable Loan Program carried forward to FY 18.
19. Local option sales tax transfers for actual sewer project costs were \$222,150 higher than estimated since the local option tax payment for July was received in June.
20. Road Use Tax revenues over revised estimate by \$189,541; funding transfers were \$196,316 less than the original revised estimate (\$165,871 for public works encumbrances to be expended in FY 18)
21. Southend TIF revenues \$4,284 more than revised estimate; TIF expenditures \$21,506 less than estimated (Curry's TIF rebate not paid due to their noncompliance with Agreement).
22. Public housing expenditures were less than the original revised estimate by \$36,908; revenues were \$3,103 higher than estimated.
23. Section 8 Housing HUD revenues were \$30,723 less than estimated; expenditures were \$87,087 lower than the original revised estimate.

Summary

- The ending General Fund balance of 22.8% of expenditures is higher than the original 2016/2017 budget of 19.5% and slightly lower than the 2016/2017 revised estimate of 23.0%.
- This ending balance meets the requirements of the General Fund balance policy adopted in November of 2013 which provides that the General Fund balance be at least 16.7% (two months) of General Fund expenditures.
- The ending balance in the General Fund also positions this fund for upcoming budget challenges. These include the continued loss of ATE fine revenue from the Hwy 61 and University intersection (unless the City's appeal is successful). Other challenges may include a reduction in the State commercial and industrial property tax reimbursement and impacts from the phased-in rollback of multi-residential property valuations from the 90% in 2015/2016 to the residential rollback rate of approximately 60% from FY 17 through FY 24.
- There were positive fund balances in all of the City's operating funds with the exception of the Refuse Collection and Boat Harbor funds. The Refuse Collection deficit was a planned deficit from purchasing the 2nd automated refuse collection vehicle. This deficit is expected to be eliminated over the next two years. The Boat Harbor deficit was due to reduced boat slip rentals due to the boat dock damages from the 2017 storms.
- Most other City funds have ending balances close to or higher than projected and are in good position going into the budget development process for the upcoming year.