

City of Muscatine

Budget Basis Financial Statement Overview

Year Ended June 30, 2018

City of Muscatine, Iowa
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Year Ended June 30, 2018

Revenues:

Taxes:

Property	\$ 7,272,035.68
Utility	31,843.91
Hotel/Motel	521,993.13
Cable Franchise	165,003.57
Utility Franchise	102,858.75
Licenses and permits	562,283.53
Fines and forfeitures	723,405.95
Intergovernmental	838,902.22
Charges for services	560,780.21
Use of money and property	145,470.46
Other	958,277.39
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Total revenues	\$ 11,882,854.80

Expenditures:

Current:

Public safety	\$ 9,136,942.46
Public works	2,112,243.06
Health and social service	55,000.00
Culture and recreation	3,023,688.20
Community and economic development	818,775.23
General government	2,660,369.49

Capital outlay:

Public safety	94,304.05
Public works	423,538.30
Culture and recreation	118,620.05
Community and economic development	1,163.80
General government	30,735.71

Total expenditures **\$ 18,475,380.35**

Revenues (under) expenditures **\$ (6,592,525.55)**

Other financing sources (uses):	
Operating transfers in (includes transfers from the Employee Benefits, Road Use Tax, Ambulance, Perpetual Care Interest, and TIF funds)	\$ 7,523,648.76
Operating transfers out (includes transfer of tax levy proceeds to the Transit fund and levee capital project fund as well as transfers to the Equipment Replacement and Computer Replacement funds)	<u>(621,952.75)</u>
Total other financing sources (uses)	<u>\$ 6,901,696.01</u>
Revenues and other sources over (under) expenditures and other uses	\$ 309,170.46
Fund balance, June 30, 2017	<u>4,523,959.27</u>
Fund balance, June 30, 2018	\$ 4,833,129.73
Less reserve for encumbrances	<u>90,386.88</u>
Unreserved balance, June 30, 2018	<u><u>\$ 4,742,742.85</u></u>

**City of Muscatine
General Fund
Fund Balance Analysis
Fiscal Year Ended June 30, 2018**

Original Budget - Ending Fund Balance	\$4,329,708
Original Revised Estimate - Ending Fund Balance	\$4,212,888
Actual Ending Fund Balance (Reflects all Encumbrances including those funded from Road Use Tax)	<u>\$4,742,743</u>
Actual over (under) Revised Estimate by	<u>\$ 529,855</u>
General Fund Balance as a Percent of FY 2017/2018 Expenditures (Revised Estimate Projected Percentage at 21.6%)	<u>24.99%</u>

NOTE:

Actual Ending Fund Balance <u>Without</u> Road Use Tax Funded Encumbrances (\$67,523.34 of Encumbrances will be funded from Road Use Taxes in FY 19)	<u>\$4,810,266</u>
Actual over Revised Estimate <u>Without</u> Road Use Tax Encumbrances	<u>\$ 597,378</u>
General Fund Balance as a Percent of FY 2017/2018 Expenditures without Road Use Tax Funded Encumbrances	<u>25.35%</u>

**Budgeted Items not Purchased - Requested to be Carried Forward
to FY 2018/2019:**

Engineering - Drone Services	\$ 5,000
Park Maintenance - Roof Replacements (storm; insurance reimbursed)	11,300
Soccer Complex - Bermuda grass for Field #8	6,000
Art Center - Window Shades (needed to change vendors)	1,600
City Administrator - Computer Equipment	3,625
Net Impact of Carryforwards on General Fund balance	<u><u>\$ 27,525</u></u>

*** Revenues under original Revised Estimate by \$2,807:**

Significant Revenue Items:

Tax Collections <u>over</u> Revised Estimate	\$ 2,160
Utility Taxes <u>over</u> Revised Estimate	5,657
Utility Franchise Fees <u>over</u> Revised Estimate	21,459
Commercial/Industrial State Reimbursement <u>over</u> Revised Estimate	17,031
Cable Franchise Fees <u>under</u> Revised Estimate	(11,096)
Road Use Tax Transfer in to General Fund <u>under</u> original Revised Estimate (Corresponding Public Works expenditures also under Rev. Est.; Transfer for \$67,523 of Encumbrances will be done in FY 19)	(190,163)
Employee Benefits funding <u>under</u> Revised Estimate (Corresponding expenditures also under Rev. Est.)	(39,000)
Health Insurance Wellness Program funding <u>under</u> Revised Estimate (Corresponding expenditures also under Rev. Est.)	(7,042)

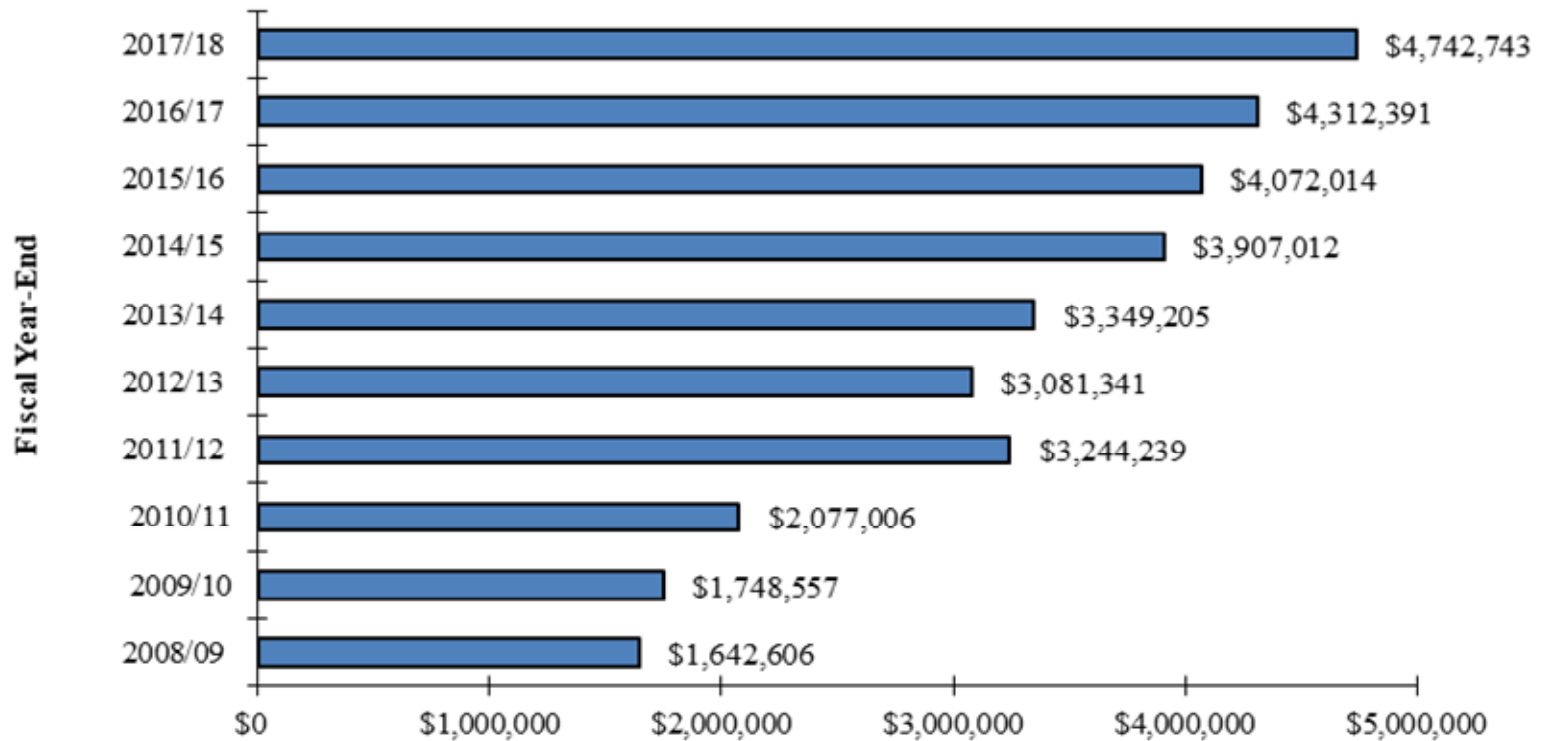
Hotel/Motel Tax <u>over</u> Revised Estimate	41,993
Building & Zoning Revenues <u>over</u> Revised Estimate	33,319
Library Revenues <u>under</u> Revised Estimate	(4,617)
Art Center Revenues <u>under</u> Revised Estimate	(2,131)
Parks and Recreation Revenues <u>over</u> original Revised Estimate	1,111
Cemetery Revenues <u>under</u> original Revised Estimate	(2,279)
Public Works Revenues <u>over</u> original Revised Estimate	23,496
Police Grants <u>under</u> Revised Estimate	(71,549)
Court Fines <u>over</u> Revised Estimate	16,178
Automatic Traffic Enforcement Fines <u>over</u> Revised Estimate (Primarily due to collection agency collections; the University ATE was reactivated on June 18, 2018)	100,746
Other Police Revenues <u>over</u> Revised Estimate	36,165
License and Permit Revenues <u>over</u> original Revised Estimate	3,416
Fire Department Revenues <u>over</u> original Revised Estimate	6,235
Interest Income <u>over</u> original Revised Estimate	28,499
Clark House Cell Tower Rents <u>under</u> Revised Estimate (now required to be credited to Clark House)	(14,740)
Various Other Revenues <u>over</u> Revised Estimate (Net)	2,345
	<u><u>\$ (2,807)</u></u>

*** Expenditures under Original Revised Estimate by \$531,929**

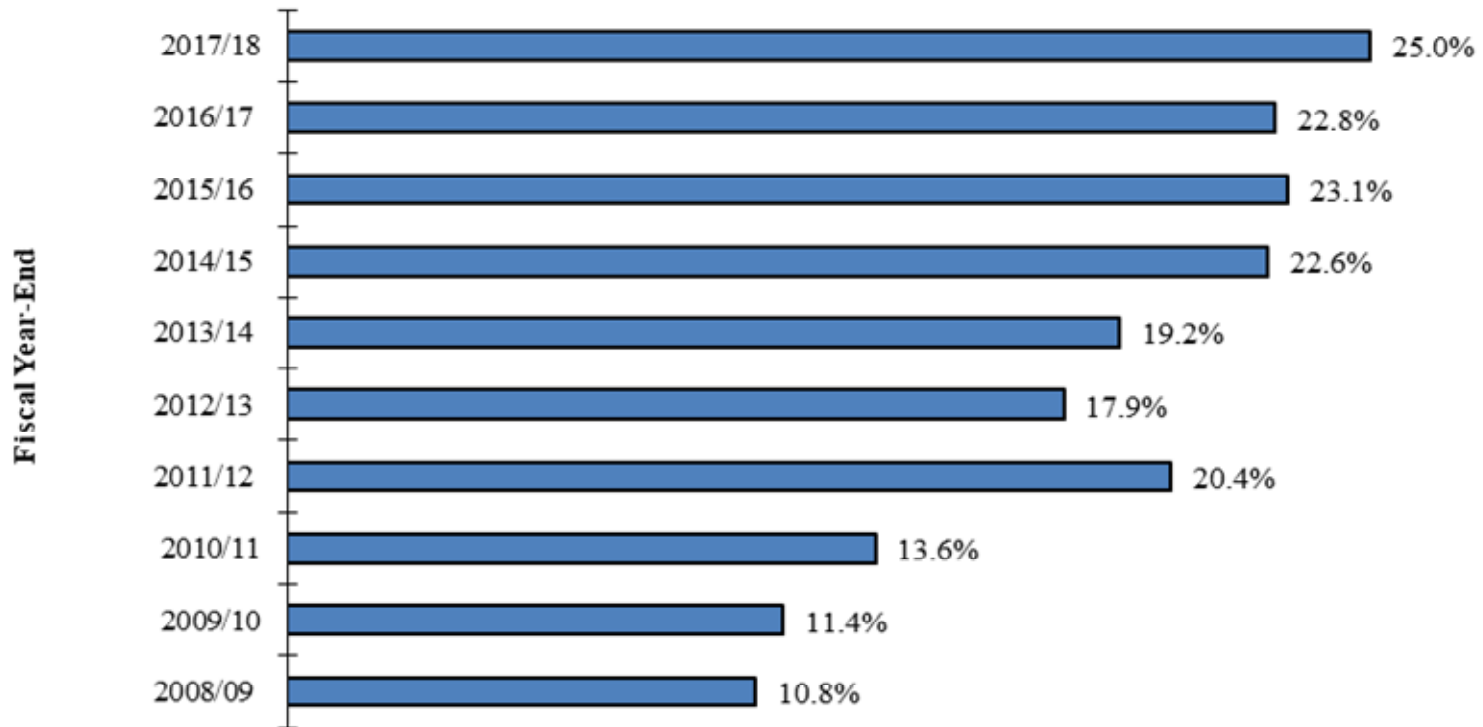
Significant Expenditure Items:

Item Carried Forward (see above)	\$ 27,525
General government activities <u>under</u> original Revised Estimate (Net of carry forwards)	135,435
Public safety activities <u>under</u> original Revised Estimate	199,961
Library, Art Center and Parks <u>under</u> original Revised Estimate (Net of carry forwards)	40,858
Community/Economic Development <u>under</u> original Rev. Est.	18,591
Public Works activities <u>under</u> original Revised Estimate (Net of carry forwards)	94,146
Airport Subsidy <u>under</u> original Revised Estimate	16,304
Levee Tax Levy, Transit Tax Levy Transfers and Misc. <u>over</u> Revised Estimate	<u>(891)</u>
	<u><u>\$ 531,929</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, 2018

<u>Fund</u>	Original Budget	Revised Estimate	Actual 6-30-18	Variance Favorable (Unfavorable)
General Fund	\$ 4,329,708	\$ 4,212,888	\$ 4,742,743	\$ 529,855 (1)
Debt Service Fund				
General Obligation	201,741	215,964	244,470	28,506 (2)
Enterprise Funds:				
Water Pollution Control Operations	1,399,379	1,511,074	1,833,808	322,734 (3)
Collection and Drainage	662,725	651,169	722,430	71,261 (4)
Solid Waste Management:				
Refuse Collection	(99,915)	(107,608)	(113,072)	(5,464) (5)
Landfill Operations	638,691	724,614	801,328	76,714 (6)
Landfill Closure Reserve	977,174	999,991	1,022,715	22,724
Landfill Post-Closure Reserve	992,555	969,138	972,087	2,949
Transfer Stations Operations	843	97,168	(60,468)	(157,636) (7)
Transfer Station Closure Reserve	33,795	33,825	33,825	-
Parking System	40,655	61,583	83,400	21,817 (8)
Transit System	348,557	614,582	565,308	(49,274) (9)
Golf Course Operations (excludes Clubhouse inventory)	28,166	39,458	44,324	4,866 (10)
Boat Harbor Operations	1,565	(2,762)	-	2,762 (11)
Marina Operations (excludes inventory)	(4,306)	(3,330)	(3,150)	180
Ambulance Operations	51,698	242,064	312,249	70,185 (12)
CVB	71,632	113,488	127,249	13,761 (13)
Soccer Event Fund	-	-	61,930	61,930 (14)
Internal Service Funds:				
Equipment Services (includes inventory)	16,355	60,601	86,121	25,520 (15)
Health Insurance	1,023,197	1,412,587	1,905,669	493,082 (16)
Dental Insurance	12,435	28,672	47,627	18,955 (17)

City of Muscatine
Fund Balance Comparison - Operating Funds
June 30, 2018

<u>Fund</u>	Original Budget	Revised Estimate	Actual 6-30-18	Variance Favorable (Unfavorable)
Special Revenue Funds:				
Employee Benefits	-	10,814	71,689	60,875 (18)
Emergency Tax Levy	80,909	81,167	81,706	539
Community Block Grant	22,636	26,934	30,015	3,081
Home Ownership Program	29,554	56,873	57,145	272
Sunset Children's Education Program	78	2,265	3,957	1,692
Small Business Forgivable Loan Program	-	-	91,409	91,409 (19)
Local Option Sales Tax	460,062	240,059	267,314	27,255 (20)
Road Use Tax	343,232	770,189	1,317,754	547,565 (21)
Tax Increment (Downtown)	46,834	45,865	51,226	5,361
Tax Increment (Southend)	831,316	879,906	889,992	10,086
Tax Increment (Cedar Development)	55,273	66,546	67,021	475
Tax Increment (Muscatine Mall)	32,151	32,139	32,467	328
Tax Increment (Heinz)	6,488	6,565	6,729	164
Tax Increment (Hwy 38 NE)	10,889	11,569	20,041	8,472
Tax Increment (Fridley)	11,730	16,186	16,298	112
Equipment Replacement	150,897	179,021	162,559	(16,462)
Computer Replacement - City	-	-	41,340	41,340
Computer Replacement - Library	1,722	63	-	(63)
Police Forfeitures Fund	13,240	3,709	8,145	4,436
Clark House/Sunset Park Operations	1,582	3,263	82,142	78,879 (22)
Section 8 Voucher Program	41,472	117,636	37,990	(79,646) (23)
Totals	\$ 12,866,715	\$ 14,425,935	\$ 16,767,532	\$ 2,341,597

1. See General Fund analysis.
2. Debt service tax collections \$7,872 higher than revised estimate; interest \$13,737 higher than estimate; State reimbursement \$5,697 more than estimate; bond paying agent costs \$1,200 less than estimate.
3. Water Pollution Control revenues were \$47,586 more than the revised estimate; expenditures were under the revised estimate by \$275,148.
4. Collection and Drainage expenditures under revised estimate by \$57,828; revenues over by \$13,433.
5. Refuse Collection expenditures over original revised estimate by \$71,185 revenues over by \$65,721.
6. Landfill revenues over estimate by \$90,227; expenditures over by \$13,513.
7. Transfer Station current year revenues \$217,904 higher than original estimate; expenditures over original revised estimate by \$42,399. Allowance for uncollectibles for a former major hauler of \$333,141 (City has a default judgement and has started the collection process in an effort to collect these funds).
8. Parking revenues over revised estimate by \$10,261. Expenditures under original revised estimate by \$11,556.
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9. Transit revenues under original revised estimate by \$243,832 (bus grants not awarded); expenditures under by \$194,558 (buses).
10. Golf Course revenues under the original revised estimate by \$58,818; expenditures under by \$63,684.
11. Boat Harbor revenues under revised estimate by \$16,053; expenditures under by \$5,081. Deficit of \$13,734 in this fund eliminated with a transfer from the General Fund.
12. Ambulance revenues over revised estimate by \$77,497. Expenditures over original revised estimate by \$7,312.

13. CVB revenues over revised estimate by \$1,131; expenditures under by \$12,630.
14. Soccer Event fund was established in May of 2018 to account for revenues and expenditures of the Soccer College Search Kickoff event held in July.
15. Equipment Services revenues under original revised estimate by \$175,826; expenditures under by \$201,346; fuel and maintenance costs less than budgeted.
16. Health insurance claims, admin fees, etc. were \$502,238 less than estimated; Wellness Program funding \$7,042 less than estimated. Revenues were \$16,198 less than estimated.
17. Dental insurance claims, admin fees, etc. were \$19,267 less than estimated; revenues \$312 less than estimated.
18. General fund employee benefit costs were \$39,000 less than the revised estimate; revenues were \$21,875 more than estimated.
19. Balance of \$91,409 in Small Business Forgivable Loan Program carried forward to FY 19.
20. Local option sales tax transfers for actual sewer project costs were \$56,374 higher than estimated; Local Option revenues were \$83,629 higher than the revised estimate.
21. Road Use Tax revenues over revised estimate by \$139,416; funding transfers were \$408,149 less than the original revised estimate (\$67,523 for public works encumbrances to be expended in FY 19, \$100,000 for sidewalks carried forward to FY 19, and \$117,985 was carried forward for other projects). The increased balance, net of the carryforwards, is \$262,057 more than the revised estimate.
22. Public housing regular expenditures were less than the original revised estimate by \$96,738; revenues were \$32,484 higher than estimated. The costs for the storm damage repairs was \$50,343 less than the insurance reimbursement (deductible).
23. Section 8 Housing HUD revenues were \$59,822 less than estimated; expenditures were \$19,824 higher than the original revised estimate.

Summary

- The ending General Fund balance of 25.0% of expenditures is higher than the original 2017/2018 budget of 22.3% and higher than the 2017/2018 revised estimate of 21.6%.
- This ending balance meets the requirements of the General Fund balance policy adopted in November of 2013 which provides that the minimum General Fund balance be at least 16.7% (two months) of General Fund expenditures. The policy further provides that higher balances (to 25% or more) would “further add to the financial stability of the City and allow more latitude in addressing revenue or expenditure fluctuations, disaster situations, and demonstrate credit worthiness to bond rating agencies”.
- The ending balance in the General Fund also positions this fund for upcoming budget challenges. Although the City was successful in appealing the IDOT order to remove the ATE camera at the Hwy 61 and University intersection, further challenges to the operation of ATE cameras will likely continue. 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 Transfer Station 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 Transfer Station fund deficit is due to the allowance for uncollectible accounts for a major waste hauler that ceased operations this summer. The City has received a default judgement against this customer and has started the collection process. The Boat Harbor and Marina fund deficits were eliminated with a transfer from the General Fund at the end of the year.
- 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.