

City of Muscatine

Budget Basis Financial Statement Overview

Year Ended June 30, 2019

City of Muscatine, Iowa
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Year Ended June 30, 2019

Revenues:

Taxes:

Property	\$ 7,390,214.32
Utility	26,387.86
Hotel/Motel	494,951.06
Cable Franchise	158,716.51
Utility Franchise	220,448.02
Licenses and permits	440,277.19
Fines and forfeitures	492,157.55
Intergovernmental	889,428.55
Charges for services	523,862.94
Use of money and property	187,098.08
Other	881,396.04

Total revenues **\$ 11,704,938.12**

Expenditures:

Current:

Public safety	\$ 9,549,675.85
Public works	2,660,908.83
Health and social service	50,000.00
Culture and recreation	3,123,526.74
Community and economic development	844,865.24
General government	2,613,798.44

Capital outlay:

Public safety	68,695.65
Public works	143,151.73
Culture and recreation	224,991.07
Community and economic development	2,362.00
General government	59,461.88

Total expenditures **\$ 19,341,437.43**

Revenues (under) expenditures **\$ (7,636,499.31)**

Other financing sources (uses):	
Operating transfers in (includes transfers from the Employee Benefits, Road Use Tax, Ambulance, Perpetual Care Interest, and TIF funds)	\$ 8,290,768.18
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>(601,526.34)</u>
Total other financing sources (uses)	<u>\$ 7,689,241.84</u>
Revenues and other sources over (under) expenditures and other uses	\$ 52,742.53
Fund balance, June 30, 2018	<u>4,833,129.73</u>
Fund balance, June 30, 2019	\$ 4,885,872.26
Less reserve for encumbrances	<u>86,186.48</u>
Unreserved balance, June 30, 2019	<u><u>\$ 4,799,685.78</u></u>

**City of Muscatine
General Fund
Fund Balance Analysis
Fiscal Year Ended June 30, 2019**

Original Budget - Ending Fund Balance	\$4,299,690
Original Revised Estimate - Ending Fund Balance	\$4,660,341
Actual Ending Fund Balance (Reflects all Encumbrances including those funded from Road Use Tax)	<u>\$4,799,686</u>
Actual over (under) Revised Estimate by	<u>\$ 139,345</u>
General Fund Balance as a Percent of FY 2018/2019 Expenditures (Revised Estimate Projected Percentage at 21.6%)	<u>24.07%</u>

NOTE:	
Actual Ending Fund Balance <u>Without</u> Road Use Tax Funded Encumbrances ((\$40,369 of Encumbrances will be funded from Road Use Taxes in FY 20))	<u>\$4,840,055</u>
Actual over Revised Estimate <u>Without</u> Road Use Tax Encumbrances	<u>\$ 179,714</u>
General Fund Balance as a Percent of FY 2018/2019 Expenditures without Road Use Tax Funded Encumbrances	<u>24.27%</u>

**Budgeted Items not Purchased - Requested to be Carried Forward
to FY 2019/2020:**

City Council Budget - City App	\$ 11,200
Building and Grounds - New Library HVAC Roof Unit	9,700
Soccer Complex - Bermuda Grass for Field #8	6,000
Roadway Maintenance - Dump Truck	45,000
Roadway Maintenance - Pickup Truck	30,000
Snow & Ice Control - Anti-Icing System	25,000
Traffic Control - Street Name Signs	<u>4,700</u>
Total Carry Forward Items	\$ 131,600
Carry Forward Items to be Funded from Road Use Tax	<u>(104,700)</u>
Net Impact of Carryforwards on General Fund balance	<u>\$ 26,900</u>

*** Revenues under original Revised Estimate by \$159,642:**

Significant Revenue Items:

Tax Collections <u>over</u> Revised Estimate	\$ 9,149
Utility Taxes <u>over</u> Revised Estimate	1,087
Utility Franchise Fees <u>over</u> Revised Estimate	14,748
Commercial/Industrial State Reimbursement <u>under</u> Revised Estimate	(16,199)
Cable Franchise Fees <u>under</u> Revised Estimate	(4,783)
Road Use Tax Transfer in to General Fund <u>under</u> original Revised Estimate (Corresponding Public Works expenditures also under Rev. Est.; Transfer for \$40,369 of Encumbrances will be done in FY 20)	(102,555)
Employee Benefits funding <u>over</u> Revised Estimate (Corresponding expenditures also over Rev. Est.)	7,765
Health Insurance Wellness Program funding <u>under</u> Revised Estimate (Corresponding expenditures also under Rev. Est.)	(6,827)

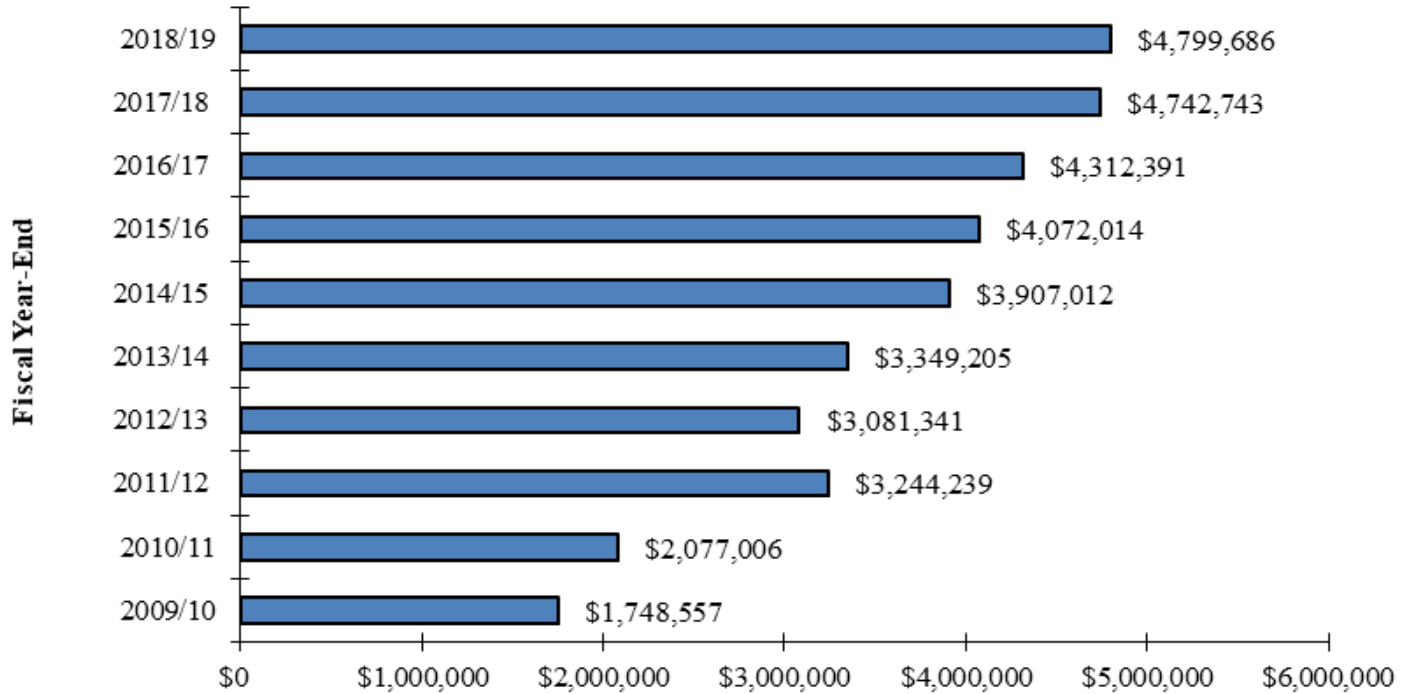
Hotel/Motel Tax <u>over</u> Revised Estimate	34,951
Community Development Revenues <u>under</u> Revised Estimate	(31,355)
Library Revenues <u>under</u> Revised Estimate	(1,313)
Art Center Revenues <u>under</u> Revised Estimate	(3,480)
Parks and Recreation Revenues <u>under</u> original Revised Estimate (Aquatic Center under by \$20,390; Kent Stein and Soccer under by \$18,452; Riverview Center and Pearl City Station Rentals under by \$11,075; weather and flood)	(55,444)
Cemetery Revenues <u>over</u> original Revised Estimate	19,660
Public Works Revenues <u>under</u> original Revised Estimate	(21,488)
Police Grants <u>under</u> Revised Estimate	(12,753)
Court Fines <u>under</u> Revised Estimate	(254)
Automated Traffic Enforcement Fines <u>under</u> Revised Estimate (Primarily due to traffic cameras not being turned back on until March 1, 2019; ordinance change needed, changes in notices, etc.)	(63,061)
Other Police Revenues <u>over</u> Revised Estimate	13,677
License and Permit Revenues <u>over</u> original Revised Estimate	632
Fire Department Revenues <u>over</u> original Revised Estimate	8,970
Interest Income <u>over</u> original Revised Estimate	46,130
Various Other Revenues <u>over</u> Revised Estimate (Net)	3,101
	<u>\$ (159,642)</u>

* Expenditures under Original Revised Estimate by \$298,238:

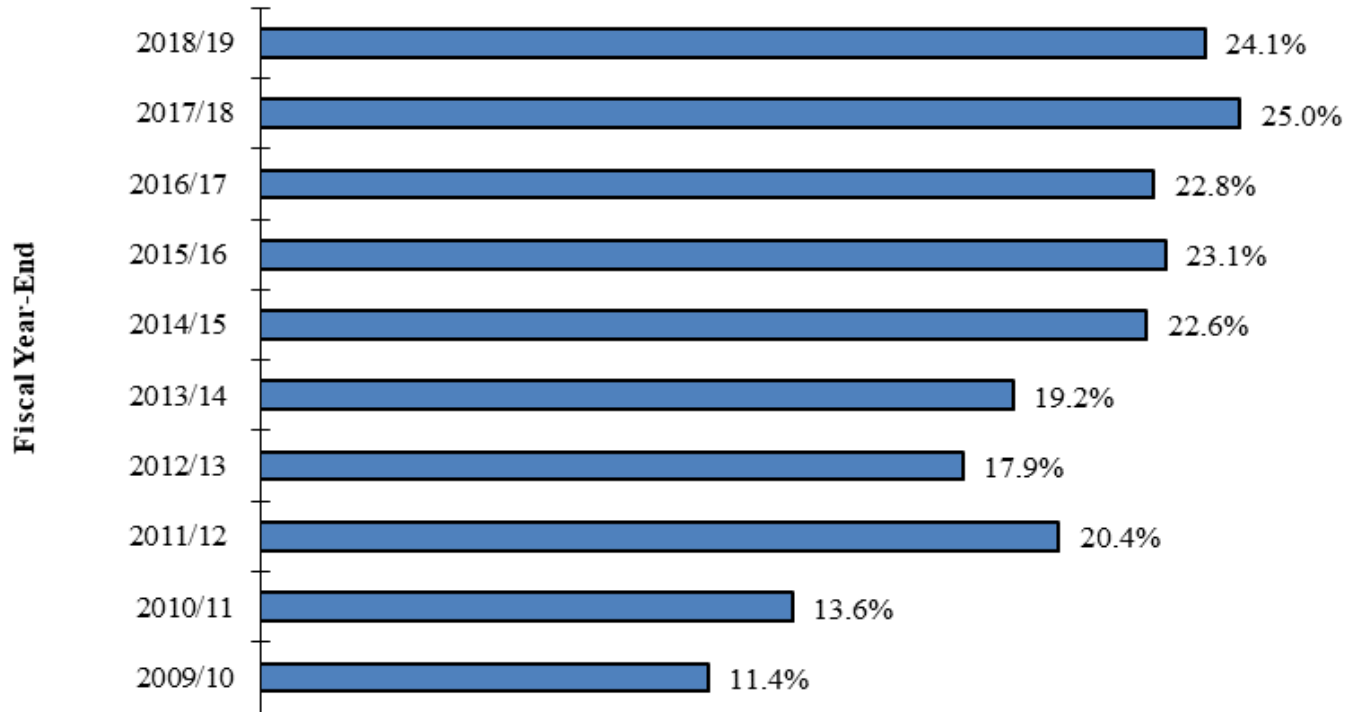
Significant Expenditure Items:

Items Carried Forward (see above)	\$ 131,600
General government activities <u>under</u> original Revised Estimate (Net of carry forwards)	37,391
Public safety activities <u>under</u> original Revised Estimate	104
Library, Art Center and Parks <u>under</u> original Revised Estimate (Net of carry forwards)	81,331
Community/Economic Development <u>under</u> original Rev. Est.	67,675
Public Works activities <u>over</u> original Revised Estimate (Net of carry forwards)	(30,426)
Airport Subsidy <u>under</u> original Revised Estimate	12,949
Transit Tax Levy Transfers and Misc. <u>over</u> Revised Estimate	<u>(2,386)</u>
	<u>\$ 298,238</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, 2019

<u>Fund</u>	Original Budget	Revised Estimate	Actual 6-30-19	Variance Favorable (Unfavorable)
General Fund	\$ 4,299,690	\$ 4,660,341	\$ 4,799,686	\$ 139,345 (1)
Debt Service Fund				
General Obligation	167,895	157,440	182,741	25,301 (2)
Enterprise Funds:				
Water Pollution Control Operations	1,377,478	1,635,962	1,773,592	137,630 (3)
Collection and Drainage	786,869	605,530	681,893	76,363 (4)
Solid Waste Management:				
Refuse Collection	77,092	43,328	46,721	3,393
Landfill Operations	1,231,814	1,341,728	1,305,972	(35,756) (5)
Landfill Closure Reserve	1,101,991	1,147,515	1,177,948	30,433 (6)
Landfill Post-Closure Reserve	997,638	1,003,587	1,019,375	15,788 (6)
Transfer Stations Operations	33,668	(25,968)	(3,826)	22,142 (7)
Transfer Station Closure Reserve	33,825	33,825	33,825	-
Parking System	48,983	80,101	73,471	(6,630)
Transit System	431,682	449,208	256,795	(192,413) (8)
Golf Course Operations (excludes Clubhouse inventory)	17,258	26,924	(26,670)	(53,594) (9)
Boat Harbor Operations	138	700	-	(700) (10)
Marina Operations (excludes inventory)	(3,130)	(2,850)	(1,826)	1,024
Ambulance Operations	202,564	280,350	344,952	64,602 (11)
CVB	114,688	138,249	147,321	9,072 (12)
Soccer Event Fund	-	98,930	73,862	(25,068) (13)
Internal Service Funds:				
Equipment Services (includes inventory)	57,101	70,021	114,604	44,583 (14)
Health Insurance	1,415,887	1,896,769	2,064,915	168,146 (15)
Dental Insurance	29,472	50,128	65,712	15,584 (16)

City of Muscatine
Fund Balance Comparison - Operating Funds
June 30, 2019

Fund	Original Budget	Revised Estimate	Actual 6-30-19	Variance Favorable (Unfavorable)
Special Revenue Funds:				
Employee Benefits	-	77,379	75,959	(1,420)
Emergency Tax Levy	81,367	82,506	83,414	908
Community Block Grant	23,934	28,015	30,643	2,628
Home Ownership Program	50,273	51,745	44,620	(7,125) (17)
Sunset Children's Education Program	2,265	10,257	10,173	(84)
Small Business Forgivable Loan Program	-	-	87,533	87,533 (18)
Local Option Sales Tax	240,059	250,014	566,491	316,477 (19)
Road Use Tax	309,289	815,654	1,365,772	550,118 (20)
Tax Increment (Downtown)	44,165	48,326	54,322	5,996
Tax Increment (Southend)	883,001	922,987	983,984	60,997 (21)
Tax Increment (Cedar Development)	61,746	75,321	64,920	(10,401)
Tax Increment (Muscatine Mall)	39	-	-	-
Tax Increment (Heinz)	6,565	7,629	7,799	170
Tax Increment (Hwy 38 NE)	10,169	10,334	11,495	1,161
Tax Increment (Fridley)	16,186	22,898	23,153	255
Tax Increment (Reinvestment District)	-	-	-	-
Equipment Replacement	59,121	72,459	26,085	(46,374) (22)
Computer Replacement - City	-	-	49,278	49,278 (23)
Computer Replacement - Library	63	-	40,571	40,571 (24)
Police Forfeitures Fund	3,709	14,746	14,731	(15)
Clark House/Sunset Park Operations	2,303	57,682	158,623	100,941 (25)
Section 8 Voucher Program	103,016	55,839	105,450	49,611 (26)
Totals	\$ 14,319,873	\$ 16,295,609	\$ 17,936,079	\$ 1,640,470

1. See General Fund analysis.
2. Debt service tax collections \$7,436 higher than revised estimate; interest \$17,386 higher than estimate; State reimbursement \$78 more than estimate; bond paying agent costs \$401 less than estimate.
3. Water Pollution Control revenues were \$37,644 more than the revised estimate; expenditures were under the revised estimate by \$99,986.
4. Collection and Drainage expenditures under revised estimate by \$128,147; revenues were under by \$51,784. (Revenue and expenditures for parking lot #4 carried forward to FY20)
5. Landfill expenditures over original revised estimate by \$54,131 and revenues over by \$18,375.
6. Landfill Closure Reserve transfer in over estimate over by \$30,433. Landfill Post-Closure transfer over by \$15,788.
7. Transfer Station current year revenues \$28,972 less than revised estimate; expenditures under original revised estimate by \$51,114.
8. Transit revenues under original revised estimate by \$269,316 (bus grants revenue cannot be accrued for encumbered buses) expenditures under by \$76,903.
9. Golf Course revenues under the original revised estimate by \$133,113; expenditures under by \$79,519.
10. Boat Harbor revenues under revised estimate by \$18,110; expenditures under by \$500. Deficit of \$16,910 in this fund eliminated with a transfer from the General Fund.
11. Ambulance revenues over revised estimate by \$56,079. Expenditures under original revised estimate by \$8,523.
12. CVB revenues over revised estimate by \$1,594; expenditures under by \$7,478.

13. Soccer Event revenues under revised estimate by \$36,815; expenditures under \$11,747.
14. Equipment Services revenues under original revised estimate by \$55,480; expenditures under by \$100,063.
15. Health insurance claims, admin fees, etc. were \$155,618 less than estimated; Wellness Program funding \$6,827 less than estimated. Revenues were \$5,701 more than estimated.
16. Dental insurance claims, admin fees, etc. were \$15,128 less than estimated; revenues \$456 more than estimated.
17. Home Ownership revenues less than revised estimate by \$6,200; expenditures over original revised estimate by \$925.
18. Balance of \$87,533 in Small Business Forgivable Loan Program carried forward to FY 20.
19. Local option sales tax transfers for actual sewer project costs were \$309,754 less than estimated; Local Option revenues were \$6,723 higher than the revised estimate.
20. Road Use Tax revenues over revised estimate by \$184,675; funding transfers were \$365,443 less than the original revised estimate.
21. Southend Tax Increment revenues over revised estimate by \$60,623; expenditures under by \$374.
22. Equipment Replacement revenues under revised estimate by \$46,374 (only one of the \$50,000 in private contributions for Special Response Team Vehicle was received in FY19).
23. Balance of \$49,278 in Computer Replacement carried forward to FY20.
24. Library Computer Replacement funds transferred from remaining library operations budget in the amount of \$40,571.
25. Public housing regular expenditures were less than the original revised estimate by \$68,786; revenues were \$32,155 higher than estimated. Sunset Park foundation work (\$15,663) carried forward to FY20)
26. Section 8 Housing HUD revenues were \$92,001 less than estimated; expenditures were \$141,612 less than the original revised estimate.

Summary

- The ending General Fund balance of 24.1% of expenditures is higher than the original 2018/2019 budget of 21.3% and higher than the 2018/2019 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 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. The City was successful in appealing the IDOT order to remove the ATE camera at the Hwy 61 and University intersection, but the Iowa Supreme Court ruling requiring collections of unpaid ATE fines be through the municipal infraction process, has impacted revenue from the ATE cameras. 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 Transfer Station fund. The deficit of \$3,826 is less than the prior year deficit of \$60,468 and less than the revised estimate deficit of \$25,968, and is expected to be eliminated in the upcoming year. The Boat Harbor and Marina fund deficits were eliminated with transfers 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.