

City of Muscatine

Budget Basis Financial Statement Overview

Year Ended June 30, 2020

City of Muscatine, Iowa
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Year Ended June 30, 2020

Revenues:

Taxes:

Property	\$ 7,503,728.79
Utility	29,004.80
Hotel/Motel	398,587.91
Cable Franchise	143,166.16
Utility Franchise	440,653.73
Licenses and permits	303,758.26
Fines and forfeitures	639,513.77
Intergovernmental	997,856.30
Charges for services	436,955.53
Use of money and property	171,386.52
Other	<u>1,065,129.48</u>
 Total revenues	 <u>\$ 12,129,741.25</u>

Expenditures:

Current:

Public safety	\$ 9,507,468.70
Public works	2,537,950.88
Health and social service	50,000.00
Culture and recreation	3,157,118.83
Community and economic development	762,556.01
General government	2,980,206.23

Capital outlay:

Public safety	288,391.81
Public works	435,987.54
Culture and recreation	200,791.39
Community and economic development	-
General government	81,056.14

Total expenditures

\$ 20,001,527.53

Revenues (under) expenditures

\$ (7,871,786.28)

Other financing sources (uses):

Operating transfers in (includes transfers from the Employee Benefits, Road Use Tax, Ambulance, Perpetual Care Interest, and TIF funds) \$ 8,313,881.96

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) (454,669.11)

Total other financing sources (uses) \$ 7,859,212.85

Revenues and other sources over (under) expenditures and other uses \$ (12,573.43)

Fund balance, June 30, 2019 4,885,872.26

Fund balance, June 30, 2020 \$ 4,873,298.83

Less reserve for encumbrances 105,875.18

Unreserved balance, June 30, 2020 \$ 4,767,423.65

City of Muscatine
General Fund
Fund Balance Analysis
Fiscal Year Ended June 30, 2020

Original Budget - Ending Fund Balance	\$ 4,680,492
Original Revised Estimate - Ending Fund Balance	\$ 4,737,840
Actual Ending Fund Balance (Reflects all Encumbrances including those funded from Road Use Tax)	<u>\$ 4,767,424</u> *
Actual over (under) Revised Estimate by	<u>\$ 29,584</u> *
General Fund Balance as a Percent of FY 2019/2020 Expenditures (Revised Estimate Projected Percentage at 22.3%)	<u>23.3%</u>

NOTE:

Actual Ending Fund Balance <u>Without</u> Road Use Tax Funded Encumbrances	<u>\$ 4,842,032</u>
(\$74,608 of Encumbrances will be funded from Road Use Taxes in FY 21)	
Actual over Revised Estimate <u>Without</u> Road Use Tax Encumbrances	<u>\$ 104,192</u>
General Fund Balance as a Percent of FY 2019/2020 Expenditures without Road Use Tax Funded Encumbrances	<u>23.65%</u>

**Budgeted Items not Purchased - Requested to be Carried Forward
to FY 2020/2021:**

Building and Grounds - Public Works Mower (Road Use Tax Funded)	\$ 14,000
Police - Lightbars for Vehicles	5,900
Roadway Maintenance - Oak Park Subdivision Sidewalk (Road Use Tax)	5,600
Total Carry Forward Items	\$ 25,500
Carry Forward Items to be Funded from Road Use Tax	(19,600)
Net Impact of Carryforwards on General Fund balance	\$ 5,900

* Revenues under original Revised Estimate by \$749,961:

Significant Revenue Items:

Tax Collections <u>under</u> Revised Estimate	\$ (54,289)
Utility Taxes <u>over</u> Revised Estimate	1,930
Utility Franchise Fees <u>under</u> Revised Estimate	(73,546)
Commercial/Industrial/Other State Reimbursement <u>over</u> Revised Estimate	3,794
Cable Franchise Fees <u>under</u> Revised Estimate	(12,434)
Road Use Tax Transfer in to General Fund <u>under</u> original Revised Estimate (Corresponding Public Works expenditures also under Rev. Est.; Transfer for \$74,608 of Encumbrances will be done in FY 21)	(263,359)
Employee Benefits funding <u>under</u> Revised Estimate (Corresponding expenditures also under Rev. Est.)	(119,488)
Health Insurance Wellness Program funding <u>under</u> Revised Estimate (Corresponding expenditures also under Rev. Est.)	(7,758)

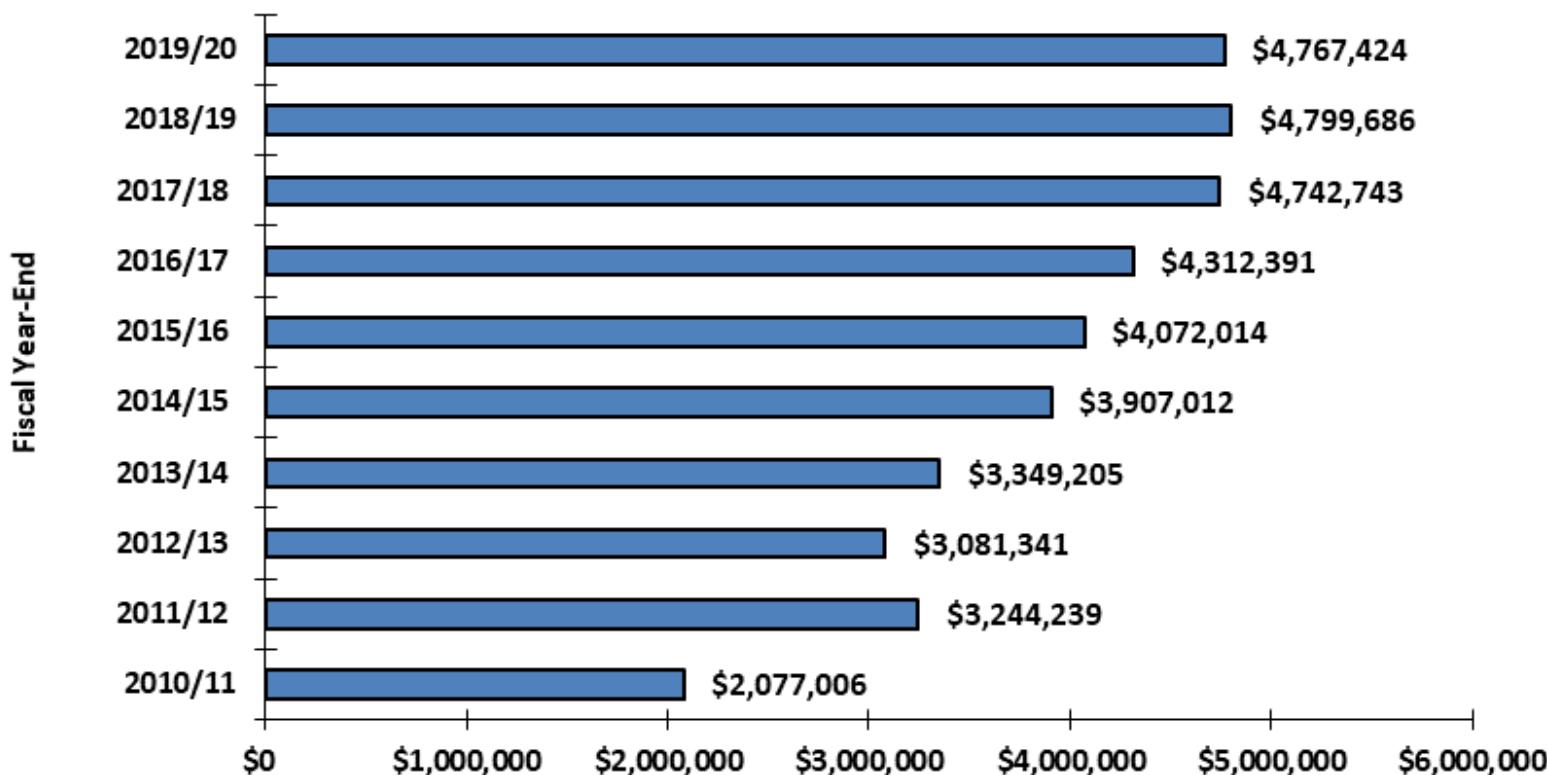
Hotel/Motel Tax <u>under</u> Revised Estimate	(101,412)
Community Development Revenues <u>under</u> Revised Estimate	(97,519)
Library Revenues <u>under</u> Revised Estimate	(2,534)
Art Center Revenues <u>under</u> Revised Estimate	(2,757)
Parks and Recreation Revenues <u>under</u> original Revised Estimate:	
Kent Stein Park and Soccer Revenues <u>under</u> by	(22,497)
Recreation Revenues <u>under</u> by	(19,187)
Aquatice Center Revenues <u>under</u> by	(69,795)
General Parks <u>over</u> due to FEMA Reimbursements for Parks employees for 2019 flood (\$41,991)	<u>41,705</u> (69,774)
Cemetery Revenues <u>over</u> original Revised Estimate	2,838
Public Works Revenues <u>over</u> original Revised Estimate (includes \$71,158 in FEMA reimbursements for employee time on 2019 flood)	63,181
Police Grants <u>under</u> Revised Estimate (School Resource Officer Reimbursements less than estimate due to schools closing due to COVID)	(81,656)
Court Fines <u>under</u> Revised Estimate (Courts closed due to COVID)	(34,435)
Automated Traffic Enforcement Fines <u>under</u> Revised Estimate	(20,139)
Other Police Revenues <u>over</u> Revised Estimate (Reimbursements and Donations)	58,328
License and Permit Revenues <u>under</u> original Revised Estimate	(2,032)
Fire Department Revenues <u>over</u> original Revised Estimate	4,891
Interest Income <u>over</u> original Revised Estimate	37,992
Various Other Revenues <u>over</u> Revised Estimate (Net)	<u>20,217</u>
	<u>\$ (749,961)</u>

* **Expenditures under Original Revised Estimate by \$779,545:**

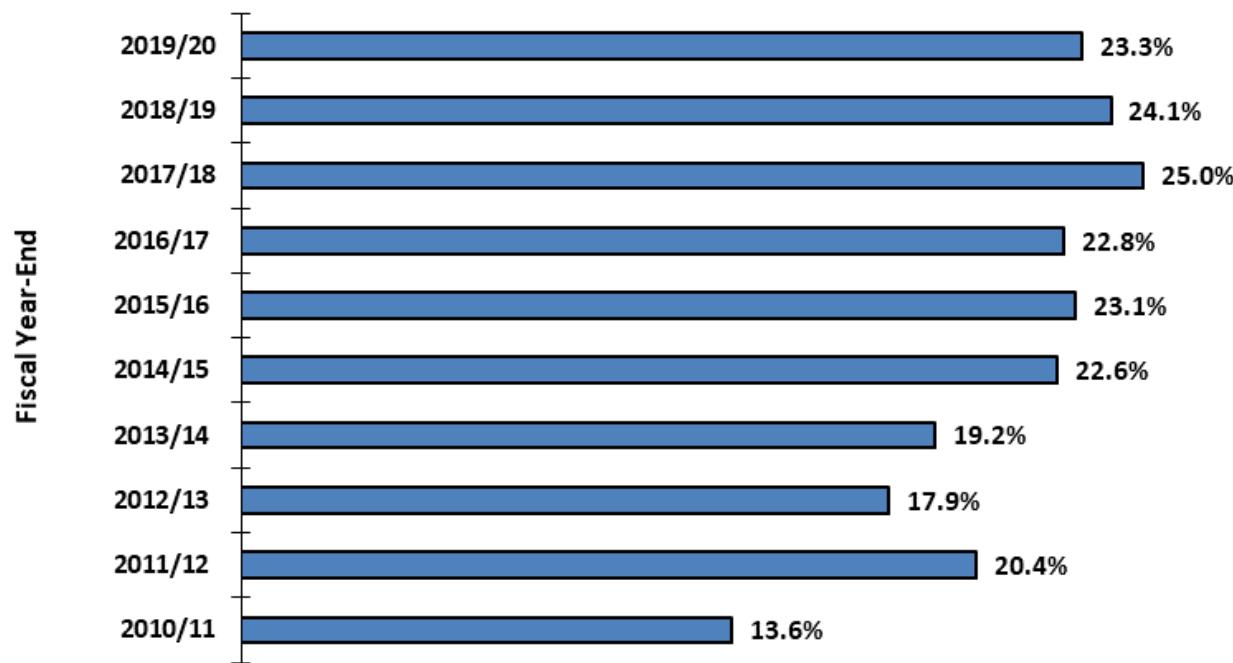
Significant Expenditure Items:

Items Carried Forward (see above)	\$ 25,500
General government activities <u>under</u> original Revised Estimate (Net of carry forwards)	128,821
Public safety activities <u>under</u> original Revised Estimate (Net of carry forwards)	146,607
Library, Art Center and Parks <u>under</u> original Revised Estimate	227,552
Community/Economic Development <u>under</u> original Rev. Est.	83,406
Public Works activities <u>under</u> original Revised Estimate (Net of carry forwards)	104,241
Airport Subsidy <u>under</u> original Revised Estimate	63,200
Transit Tax Levy Transfers and Misc. <u>over</u> Revised Estimate	218
	<u>\$ 779,545</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, 2020

<u>Fund</u>	<u>Original Budget</u>	<u>Revised Estimate</u>	<u>Actual 6-30-20</u>	<u>Variance</u>	
				<u>Favorable</u>	<u>(Unfavorable)</u>
General Fund	\$ 4,680,492	\$ 4,737,840	\$ 4,767,424	\$ 29,584	(1)
Debt Service Fund					
General Obligation	115,701	142,142	137,770	(4,372)	(2)
Enterprise Funds:					
Water Pollution Control Operations	1,699,691	1,893,922	2,077,786	183,864	(3)
Collection and Drainage	569,330	657,293	756,811	99,518	(4)
Solid Waste Management:					
Refuse Collection	88,528	156,421	205,629	49,208	(5)
Landfill Operations	1,502,928	1,397,372	1,556,270	158,898	(6)
Landfill Post-Closure Reserve	1,272,315	1,333,148	1,337,341	4,193	(7)
Landfill Closure Reserve	1,035,087	1,066,675	1,069,315	2,640	(7)
Transfer Stations Operations	104,331	77,674	172,851	95,177	(8)
Transfer Station Closure Reserve	33,825	33,825	33,825	-	
Parking Operations	69,901	63,371	45,529	(17,842)	(9)
Transit System	252,268	285,595	378,435	92,840	(10)
Golf Course Operations (includes Clubhouse inventory)	57,963	(5,131)	(13,216)	(8,085)	(11)
Boat Harbor Operations	900	400	-	(400)	(12)
Marina Operations (includes inventory)	500	1,424	-	(1,424)	(13)
Ambulance Operations	89,049	329,852	635,847	305,995	(14)
CVB	128,849	146,221	168,978	22,757	(15)
Soccer Event Fund	125,430	72,062	38,956	(33,106)	(16)
Internal Service Funds:					
Equipment Services (includes inventory)	81,521	129,204	103,553	(25,651)	(17)
Health Insurance	1,886,769	1,776,115	2,097,950	321,835	(18)
Dental Insurance	49,428	66,412	84,199	17,787	(19)

<u>Fund</u>	<u>Original Budget</u>	<u>Revised Estimate</u>	<u>Actual 6-30-20</u>	<u>Variance</u>	
				<u>Favorable</u>	<u>(Unfavorable)</u>
Special Revenue Funds:					
Employee Benefits	-	101,650	203,933	102,283	(20)
Emergency Tax Levy	83,306	84,614	84,989	375	
Community Block Grant	25,015	26,842	31,121	4,279	
Home Ownership Program	47,045	48,920	38,074	(10,846)	(21)
Sunset Children's Education Program	10,257	9,673	5,527	(4,146)	
Small Business Forgivable Loan Programs	-	-	148,591	148,591	(22)
Local Option Sales Tax	395,014	279,891	257,778	(22,113)	(23)
Road Use Tax	345,754	645,772	1,329,029	683,257	(24)
Tax Increment (Downtown)	7,876	11,772	13,282	1,510	
Tax Increment (Southend)	927,822	838,719	654,256	(184,463)	(25)
Tax Increment (Cedar Development)	75,821	65,420	66,146	726	
Tax Increment (Heinz)	7,729	13,095	8,384	(4,711)	
Tax Increment (Hwy 38 NE)	10,334	8,299	13,397	5,098	
Tax Increment (Fridley)	22,998	30,453	30,782	329	
Tax Increment (Riverview Hotel)	-	-	1,018	1,018	
Tax Increment (North University)	2,000	3,700	3,769	69	
Tax Increment (Reinvestment District)	-	-	-	-	
Equipment Replacement	66,159	77,185	91,189	14,004	(26)
Computer Replacement - City	-	15,000	18,170	3,170	
Computer Replacement - Library	-	-	38,341	38,341	(27)
Police Forfeitures Fund	14,746	6,232	10,929	4,697	
Clark House/Sunset Park Operations	121,852	253,173	422,085	168,912	(28)
Section 8 Voucher Program	44,070	109,880	211,402	101,522	(29)
Totals	\$ 16,052,604	\$ 16,992,127	\$ 19,337,445	\$ 2,345,318	

1. See General Fund analysis.
2. Debt service tax collections \$9,944 less than the revised estimate; interest \$5,472 higher than estimate; bond paying agent costs \$100 less than estimate
3. Water Pollution Control revenues were \$136,628 less than the revised estimate; expenditures were under the revised estimate by \$320,492. Commercial water usage down during COVID business closings; sewer charges based on water usage.
4. Collection and Drainage expenditures under revised estimate by \$91,959; revenues were over by \$7,559.
5. Refuse Collection expenditures under revised estimate by \$11,225; revenues were over by \$37,983.
6. Landfill expenditures under original revised estimate by \$173,243 and revenues under by \$14,345; \$152,117 carried forward to FY 21 for ground water remediation work as needed.
7. Landfill Closure Reserve transfer in over estimate over by \$2,640. Landfill Post-Closure transfer over by \$4,193.
8. Transfer Station revenues \$50,338 less than revised estimate; expenditures under original revised estimate by \$145,515.
9. Parking revenues \$41,384 less than revised estimate; expenditures under original revised estimate by \$23,542. Revenues impacted by businesses shut down mid-March - May due to COVID. Minimal enforcement due to minimal traffic in the downtown area during those months.
10. Transit revenues under original revised estimate by \$120,815 (\$42,170 in transit fares; balance for grants and other income); expenditures under by \$213,655 (\$109,504 for capital outlay, balance in operating expenditures). Muscabus did not operate or provided limited services for several months due to COVID.
11. Golf Course revenues under the original revised estimate by \$38,224; expenditures under by \$30,139.
12. Boat Harbor revenues under revised estimate by \$2,166; expenditures under by \$1,766. Deficit of \$638 in this fund eliminated with a transfer from the General Fund.
13. Marina revenues under revised estimate by \$7,910; expenditures under by \$6,486. Deficit of \$2,230 in this fund eliminated with a transfer from the General Fund.

14. Ambulance revenues over revised estimate by \$283,707 (\$99,007 in regular services, \$141,280 in GEMT funding, \$41,928 in CARES Act funding, and \$1,492 in other income); expenditures under original revised estimate by \$22,288. GEMT funding was for the full fiscal year instead of 6 months budgeted.
15. CVB revenues over revised estimate by \$1,124; expenditures under by \$21,633.
16. Soccer Event revenues under revised estimate by \$52,545; expenditures under \$19,439. College Search Kickoff event not held in 2020 due to COVID.
17. Equipment Services revenues under original revised estimate by \$277,139; expenditures under by \$251,488.
18. Health insurance claims, admin fees, etc. were \$353,572 less than estimated; Wellness Program funding \$7,758 less than estimated. Revenues were \$39,495 less than estimated.
19. Dental insurance claims, admin fees, etc. were \$19,977 less than estimated; revenues \$2,190 less than estimated.
20. Employee Benefit tax collections \$17,204 less than the revised estimate; transfers out for actual employee benefit costs \$119,487 less than estimate.
21. Home Ownership revenues less than revised estimate by \$15,788; expenditures under original revised estimate by \$4,942. Program not held since March due to COVID.
22. Balance of \$148,591 in Small Business Forgivable Loan Program carried forward to FY 21.
23. Local option sales tax transfers for actual sewer project costs were \$25,356 more than estimated; Local Option and interest revenues were \$3,243 higher than the revised estimate.
24. Road Use Tax revenues over revised estimate by \$133,615; funding transfers were \$549,642 less than the original revised estimate. A total of \$217,700 was carried forward to FY 21 for the Dick Drake railroad crossing, the mower for Public Works, and Oak Park area sidewalks.
25. Southend Tax Increment revenues over revised estimate by \$46,467; expenditures over by \$230,930. Expenditure increase was for the Small Business COVID forgivable loans.

- 26. Equipment Replacement revenues over revised estimate by \$6,711; expenditures under by \$7,293.**
- 27. Library Computer Replacement funds transferred from remaining library operations budget in the amount of \$38,341.**
- 28. Public Housing expenditures were less than the original revised estimate by \$27,815; revenues were \$141,097 higher than estimated.**
- 29. Section 8 Housing HUD revenues were \$10,445 less than estimated; expenditures were \$111,967 less than the original revised estimate.**

Summary

- The ending General Fund balance of 23.3% of expenditures is higher than the original 2019/2020 budget of 22.2% and higher than the 2019/2020 revised estimate of 22.3%.
- 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”.
- As reviewed with City Council at the September 3rd meeting, General Fund revenues were impacted by the COVID-19 pandemic; however, all departments were able to stay well within their budgets which offset the revenue reductions. This was done without reducing services to our residents. Instead of the projected over \$300,000 decrease in General Fund balance, the actual fund balance increased by \$29,584 compared to the original Revised Estimate projection.
- While the FY 20 General Fund ended much better than anticipated, there are still revenue concerns going forward – these include hotel/motel taxes, Park facility and program revenues, and building permits. The ending balance in the General Fund positions this fund to address these and other possible future budget challenges.
- There were positive fund balances in all of the City’s operating funds with the exception of the Golf Course fund. A deficit of \$5,131 was projected in this fund and the actual deficit was \$13,216. This deficit is expected to be eliminated in the 2020/2021 fiscal year. The Boat Harbor and Marina fund deficits were eliminated with transfers from the General Fund at the end of the year.
- The Parking fund had a positive fund balance of \$45,529 at fiscal year-end; however this was \$17,842 less than the projected fund balance due to the impacts of the COVID-19 pandemic.
- 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.
- Department heads will now give overviews of the financial impacts to their budgets from the COVID-19 pandemic and actions they took to lessen these impacts.

General Government Activities \$128,821 Under Revised Estimate in Total

- The General Government activities include Mayor and Council, Legal Services, City Administrator, HR, Finance, IT, Risk Management, Wellness, and Building and Grounds.
- In total, these activities came in \$128,821 less than the Revised Estimate. Historically - in FY 19 these activities were \$58,291 less than estimated, and in FY 20 they were \$139,060 less than estimated.
- These budgets can vary from the budgeted amounts each year due to actual hours needed for legal services, building repairs needed in City facilities, deductibles for insurance claims, etc.
- The only areas in these budgets directly impacted by the COVID-19 pandemic were travel and education (\$20,600 under budget) and the Wellness program (\$7,296 under budget).
- While not in the General Government area, the Airport Subsidy was reduced from the \$63,400 budgeted to \$200 in FY 20. Of this reduction, \$20,000 is due to deferring hangar improvements and \$19,375 from CARES Act funding.