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FINANCE & RECORDS

MEMO

To: Gregg Mandsager, City Administrator

From: Nancy A. Lueck, Finance Director

Date: May 2, 2017

Re: Resolution to set Public Hearing on Amending the 2016/2017 City Budget
(Amendment #2)

Introduction and Background:

Attached is the Resolution Setting a Public Hearing on Amendment #2 to the current year City budget. 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 setting a public hearing for May 18, 2017 on the second amendment to the City's Fiscal Year 2016/2017 budget on the May 4 2017 Council agenda. Please contact me if you have any questions.

RESOLUTION NO.

RESOLUTION SETTING TIME AND PLACE FOR A PUBLIC HEARING
CONCERNING AMENDMENT #2 TO THE CITY BUDGET
FOR THE FISCAL YEAR ENDING JUNE 30, 2017
FOR THE CITY OF MUSCATINE, IOWA

WHEREAS, a public hearing is required in order to amend the budget for the City of Muscatine for the fiscal year ending June 30, 2017,

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF MUSCATINE, IOWA that a public hearing be set for May 18, 2017 at 7:00 p.m. in the City Hall Council Chambers, 215 Sycamore Street, concerning Amendment #2 to the City budget for fiscal year ending June 30, 2017, and that the City Clerk be directed to publish Notice of Public Hearing in the Muscatine Journal, in the form required by the State of Iowa.

PASSED, APPROVED AND ADOPTED this 4th day of May, 2017.

BY THE CITY COUNCIL OF THE CITY OF
MUSCATINE, IOWA

Diana Broderson, Mayor

ATTEST:

Gregg Mandsager, City Clerk

NOTICE OF PUBLIC HEARING
AMENDMENT OF FY2016-2017 CITY BUDGET

The City Council of Muscatine in MUSCATINE County, Iowa
 will meet at City Hall Council Chambers
 at 7 p.m. on 5/18/2017

, for the purpose of amending the current budget of the city for the fiscal year ending June 30, 2017
 by changing estimates of revenue and expenditure appropriations in the following functions for the reasons given.
 Additional detail is available at the city clerk's office showing revenues and expenditures by fund type and by activity.

	Total Budget as certified or last amended	Current Amendment	Total Budget after Current Amendment
Revenues & Other Financing Sources			
Taxes Levied on Property	1 <u>13,063,348</u>	0	<u>13,063,348</u>
Less: Uncollected Property Taxes-Levy Year	2 <u>0</u>		<u>0</u>
Net Current Property Taxes	3 <u>13,063,348</u>	0	<u>13,063,348</u>
Delinquent Property Taxes	4 <u>0</u>		<u>0</u>
TIF Revenues	5 <u>1,875,400</u>	0	<u>1,875,400</u>
Other City Taxes	6 <u>3,642,609</u>	0	<u>3,642,609</u>
Licenses & Permits	7 <u>416,400</u>	0	<u>416,400</u>
Use of Money and Property	8 <u>1,125,945</u>	0	<u>1,125,945</u>
Intergovernmental	9 <u>10,702,895</u>	0	<u>10,702,895</u>
Charges for Services	10 <u>14,195,740</u>	0	<u>14,195,740</u>
Special Assessments	11 <u>0</u>	0	<u>0</u>
Miscellaneous	12 <u>8,389,300</u>	177,900	<u>8,567,200</u>
Other Financing Sources	13 <u>0</u>	0	<u>0</u>
Transfers In	14 <u>16,704,703</u>	92,500	<u>16,797,203</u>
Total Revenues and Other Sources	15 <u>70,116,340</u>	270,400	<u>70,386,740</u>
Expenditures & Other Financing Uses			
Public Safety	16 <u>9,238,400</u>	86,600	<u>9,325,000</u>
Public Works	17 <u>2,804,500</u>	81,100	<u>2,885,600</u>
Health and Social Services	18 <u>45,000</u>	0	<u>45,000</u>
Culture and Recreation	19 <u>3,536,700</u>	116,400	<u>3,653,100</u>
Community and Economic Development	20 <u>4,156,732</u>	0	<u>4,156,732</u>
General Government	21 <u>2,637,595</u>	121,500	<u>2,759,095</u>
Debt Service	22 <u>2,817,255</u>	0	<u>2,817,255</u>
Capital Projects	23 <u>12,848,400</u>	0	<u>12,848,400</u>
Total Government Activities Expenditures	<u>24 38,084,582</u>	<u>405,600</u>	<u>38,490,182</u>
Business Type / Enterprises	25 <u>21,929,925</u>	186,800	<u>22,116,825</u>
Total Gov Activities & Business Expenditures	26 <u>60,014,507</u>	602,500	<u>60,617,007</u>
Transfers Out	27 <u>16,704,703</u>	92,500	<u>16,797,203</u>
Total Expenditures/Transfers Out	28 <u>76,719,210</u>	695,000	<u>77,414,210</u>
Excess Revenues & Other Sources Over (Under) Expenditures/Transfers Out Fiscal Year	29 <u>-6,602,870</u>	-424,600	<u>-7,027,470</u>
Beginning Fund Balance July 1	30 <u>34,416,681</u>	0	<u>34,416,681</u>
Ending Fund Balance June 30	31 <u>27,813,811</u>	-424,600	<u>27,389,211</u>

Explanation of increases or decreases in revenue estimates, appropriations, or available cash:

To appropriate additional revenues and available fund balances for increased expenditures. The increased expenditures include funds to repair tornado damages to City facilities, increased legal costs, increased building and equipment maintenance costs, increased expenditures from Library and Art Center Trust funds, and purchases funded from donations.

There will be no increase in tax levies to be paid in the current fiscal year named above related to the proposed budget amendment. Any increase in expenditures set out above will be met from the increased non-property tax revenues and cash balances not budgeted or considered in this current budget.

 Gregg Mandsager

 City Clerk/ Finance Officer Name

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 Park:				
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				
Outside Services - Materials/Labor	1000-40-1621-67130	39,000	Based on actual to date and estimated through 6-30-17	
Tires and Repairs	1000-40-1621-67140	11,500	Based on actual to date and estimated through 6-30-17	
Outside Parts	1000-40-1621-67150	10,000	Based on actual to date and estimated through 6-30-17	
Improvement Repair Services	1000-40-1621-67400	11,500	Based on actual to date and estimated through 6-30-17	
Operating Equipment	1000-40-1621-74200	8,000	Based on actual to date	
		(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)	1000-40-1622-394 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(X)	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		\$ 95,000		\$ 95,000
Golf Course Maintenance Operations:				
Other Improvements - Irrigation Pump	5451-25-5451.73900	10,000	Irrigation system repairs, amount over original estimate	-
Subtotal		\$ 10,000		\$ -
Refuse Collection:				
Inside Services	5642-15-5642-67110	\$ 12,000	Based on actual to date and estimated through 6-30-17	-
Outside Services	5642-15-5642-67130	50,000	Based on actual to date and estimated through 6-30-17	-
Tires/Tire Repairs	5642-15-5642-67140	2,000	Based on actual to date and estimated through 6-30-17	-
Outside Parts	5642-15-5642-67150	1,000	Based on actual to date and estimated through 6-30-17	-
Operating Equipment Repair	5642-15-5642-67320	(30,000)	Move original Cat repair budget to Outside Services 67130	
Subtotal		\$ 35,000		\$ -
Landfill:				
Transfers Out - Closure Reserve	5652-15-5652-90500	\$ 11,400	Additional Transfer Required per Annual Engineering Report	\$ -
Transfers In - Closure Reserve	5656-15-5656-39500	-	Additional Transfer Required per Annual Engineering Report	\$ 11,400
Subtotal		\$ 11,400		\$ 11,400
Transfer Station:				
BuildingRepairs/Maint.	5658-15-5658-67200	\$ 2,000	Based on actual to date and estimated through 6-30-17	\$ -
Building Equipment Repairs	5658-15-5658-67330	3,000	Based on actual to date and estimated through 6-30-17	-
Subtotal		\$ 5,000		\$ -
WPCP - Lab Operations:				
Overtime	5660-50-5665-13100	\$ 2,000	Based on actual to date; related to samples for Nutrient Study	\$ -
Subtotal		\$ 2,000		\$ -
Collection & Drainage:				
Legal Services	5664-10-5664-61220	\$ 15,000	Legal services for Drainage District proposed annexation lawsuit	-
Sewer Improvements	5664-10-5664-73100	10,500	Increase for emergency sewer repairs on East 5th Street	
Subtotal		\$ 25,500		\$ -
Clark House:				
Casualty Losses	90012-90-90200-16200	\$ 10,000	Tornado damages: insurance deductible of \$10,000	\$ -
Subtotal		\$ 10,000		\$ -
Sunset Park:				
Pest Control Services	90016-90-90600-44303	\$ 1,600	Based on actual to date and estimated through 6-30-17	\$ -
Equipment Purchases	90016-90-9060-75400	8,500	Water heater and appliance replacements	\$ -
Collection Losses	90016-90-9060-15700	4,300	Estimated year-end write-offs for vacated tenants	-
Subtotal		\$ 14,400		\$ -
Total Enterprise Funds		\$ 208,300		\$ 106,400
<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 purchases in FY 18	\$ -
Subtotal		\$ 81,100		\$ -
Police Forfeitures:				
Operating Equipment	8660-15-8660-74200	\$ 5,000	Based on actual to date and estimated additional	\$ -
Total Special Revenue Funds		\$ 86,100		\$ -

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		\$ 60,000		\$ -
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-Gilmore Trust:				
Building Maintenance	3992.35-3992-67200	\$ 1,000	Available balance for facilities projects	\$ -
Total Trust & Agency Funds		\$ 73,000		\$ 1,800
Total Budgeted Funds (Including Transfers Out)		\$ 695,000		\$ 270,400
Expenditure Breakout:				Revenue Breakout:
Expenditure Increase		\$ 602,500		Increased Revenues \$ 177,900
Funding Transfer Increase		\$ 92,500		Increased Transfers In \$ 92,500
Total		\$ 695,000		\$ 270,400