



FINANCE & RECORDS

MEMO

To: Gregg Mandsager, City Administrator
From: Nancy A. Lueck, Finance Director
Date: May 10, 2019
Re: Resolution Approving Amendment #2 to the 2018/2019 City Budget

Introduction and Background:

At the May 2 meeting City Council set a public hearing for May 16, 2019 on the proposed Amendment #2 to the 2018/2019 City Budget. Attached is the Resolution Approving Amendment #2 to include on the agenda for the May 16 meeting. City Council approved the first amendment to the 2018/2019 budget on March 7, 2019. 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 \$594,000 and transfers out will increase by \$225,500. Budgeted revenues are proposed to be amended by \$2,500 and transfers in amended by \$225,500. The revenue amendment of \$2,500 is for a Branching Out grant for trees in the Park Maintenance budget. Of the overall requested expenditure increase, General fund amendments total \$326,500, enterprise fund amendments total \$144,000, special revenue \$2,800, trust funds \$1,700, and capital projects funds \$119,000.

General Fund expenditures are proposed to be amended by a total of \$326,500 which is higher than the 2nd amendment in most recent years. The 2nd amendment in 2017/2018 was \$61,700, the 2nd amendment in 2016/2017 totaled \$327,600 (tornado damage repairs), the 2nd amendment in the 2015/2016 budget was \$81,900, it was \$13,000 for 2014/2015, and it was \$160,100 for 2013/2014. The 2018/2019 amendments include: (1) an increase in the Mayor & Council budget of \$18,500 for consultant services to develop a process for the City Administrator's annual review which was moved from the 2019/2020 budget, (2) a \$28,000 increase in legal services in the Human Resources budget, primarily for legal work for union negotiations, (3) a \$25,000 increase in the Building & Grounds budget for repairs to the Art Center HVAC system, (4) \$32,300 increase in the Police budget for vehicle and equipment repair and maintenance services, (5) an increase of \$81,500 in the Fire department budget which includes \$45,000 for three unplanned retirements, \$34,000 for increased overtime due to vacancies and staff on light duty, and \$2,500 for increased diesel fuel costs, (6) a \$7,000 increase in the Park Maintenance budget which includes \$2,500 for trees funded from a Branching Out grant, \$2,000 for increased natural gas costs, and \$2,500 for flood-related repairs, (7) a \$51,200 increase in the Roadway Maintenance budget which includes \$1,200 for sand for sandbags and \$50,000 for vehicle, equipment, and street repair and maintenance services, and (8) \$83,000 in the Snow & Ice Control budget for increased regular wages, overtime, employee benefits, sand, and contracted snow removal services.

Of the \$326,500 in General Fund expenditure amendments, \$134,200 will be funded from transfers from the Road Use Tax fund, \$45,000 from transfers from the Employee Benefits fund, and \$2,500 from the Branching Out grant. The transfer from the Police department budget for the City's portion of the MSORT armored vehicle has been reduced by \$8,300 and the Police Forfeitures funding transfer has been increased by \$8,300 (new allocation is 50% from Police budget and 50% from Forfeitures).

Enterprise fund expenditure amendments total \$144,000 and include (1) a \$52,000 increase in the Refuse Collection budget which includes \$2,000 for increased natural gas, \$43,500 for increased equipment repair and maintenance services, and \$6,500 for building repair services, (2) a \$55,000 increase in the Pumping Stations budget for increased power and equipment repair services, primarily at the Papoose Station, (3) a total of \$21,000 in the Ambulance budget which includes \$5,000 for part-time ambulance attendants, \$14,000 for medical supplies, and \$2,000 for diesel, and (4) an increase of \$16,000 in the Clark House budget which includes \$6,000 for natural gas and \$10,000 for pest control services.

The balance of the amendments are (1) \$1,800 in the Home Ownership budget, (2) \$1,000 in the Sunset Park Education Program budget, (3) \$1,700 in the Art Center McWhirter Gilmore Trust, (4) \$80,000 in incentives for the property at 500 Mulberry, subject to approval of the property sale and transfer agreement, and (5) \$39,000 for engineering services for the design of the new hangars at the Airport which was just recently approved by City Council. The incentives for 500 Mulberry will be funded from future year TIF funds. The total amendment of \$594,000 (excluding transfers) is \$188,700 higher than the prior year amendment #2 of \$405,300, and \$8,500 lower than amendment #2 for the 2016/2017 fiscal year of \$602,500.

The proposed General Fund expenditure amendments would result in a decrease in fund balance of \$136,500 since a portion of the amendments will be funded from transfers from other funds. It is, however, expected that there should be savings in various General Fund department budgets which will offset at least 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 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 \$594,000 is \$188,700 higher than the 2017/2018 2nd amendment of \$405,300, and \$8,500 less than the total 2nd amendment of \$602,500 in 2016/2017.

The General Fund amendment #2 for 2018/2019 of \$326,500 is \$264,800 higher than the \$61,700 amendment for 2017/2018, and \$1,100 less than the 2016/2017 2nd amendment of \$327,600 which included repairs from the March 2017 tornado.

The total 2nd amendments and the General Fund amendments in the past eight years were as follows: (1) 2017/2018 total 2nd amendment of \$405,300 and General Fund amendment of \$61,700, (2) 2016/2017 total 2nd amendment of \$602,500 and General Fund amendment of \$327,600, (3) 2015/2016 total 2nd amendment of \$791,200 with \$81,900 in the General Fund, (4) 2014/2015 total 2nd amendment of

\$632,500 with \$13,000 in the General Fund, (5) 2013/2014 total 2nd amendment of \$1,115,800 with \$160,100 in the General Fund, (6) 2012/2013 total 2nd amendment of \$370,700 with \$93,300 in the General Fund, (7) for 2011/2012 the amendment totaled \$945,360 with \$65,500 in the General Fund, and (8) 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 Approving Amendment #2 to the Fiscal Year 2018/2019 Budget on the agenda for the May 16, 2019 meeting. Please contact me if you have any questions.

70-653

CITY BUDGET AMENDMENT AND CERTIFICATION RESOLUTION - FY 2019 - AMENDMENT #2

To the Auditor of MUSCATINE County, Iowa:

The City Council of Muscatine in said County/Countries met on 5/16/2019, at the place and hour set in the notice, a copy of which accompanies this certificate and is certified as to publication. Upon taking up the proposed amendment, it was considered and taxpayers were heard for and against the amendment.

The Council, after hearing all taxpayers wishing to be heard and considering the statements made by them, gave final consideration to the proposed amendment(s) to the budget and modifications proposed at the hearing, if any. thereupon, the following resolution was introduced.

RESOLUTION No. _____ <== ENTER RESOLUTION NUMBER

A RESOLUTION AMENDING THE CURRENT BUDGET FOR THE FISCAL YEAR ENDING JUNE 30, 2019
(AS AMENDED LAST ON 3/7/2019.)

Be it Resolved by the Council of the City of Muscatine

Section 1. Following notice published 5/4/2019

and the public hearing held, 5/16/2019 the current budget (as previously amended) is amended as set out herein and in the detail by fund type and activity that supports this resolution which was considered at that hearing:

	Total Budget as certified or last amended	Current Amendment	Total Budget after Current Amendment
Revenues & Other Financing Sources			
Taxes Levied on Property 1	13,837,957	0	13,837,957
Less: Uncollected Property Taxes-Levy Year 2	0	0	0
Net Current Property Taxes 3	13,837,957	0	13,837,957
Delinquent Property Taxes 4	0	0	0
TIF Revenues 5	2,075,100	0	2,075,100
Other City Taxes 6	4,206,128	0	4,206,128
Licenses & Permits 7	471,600	0	471,600
Use of Money and Property 8	1,392,773	0	1,392,773
Intergovernmental 9	8,500,512	0	8,500,512
Charges for Services 10	15,240,100	0	15,240,100
Special Assessments 11	0	0	0
Miscellaneous 12	7,406,700	2,500	7,409,200
Other Financing Sources 13	0	0	0
Transfers In 14	20,222,892	225,500	20,448,392
Total Revenues and Other Sources 15	73,353,762	228,000	73,581,762
Expenditures & Other Financing Uses			
Public Safety 16	10,210,500	113,800	10,324,300
Public Works 17	2,853,100	134,200	2,987,300
Health and Social Services 18	50,000	0	50,000
Culture and Recreation 19	3,723,100	8,700	3,731,800
Community and Economic Development 20	4,976,626	2,800	4,979,426
General Government 21	2,845,140	71,500	2,916,640
Debt Service 22	3,044,589	0	3,044,589
Capital Projects 23	6,984,700	80,000	7,064,700
Total Government Activities Expenditures 24	34,687,755	411,000	35,098,755
Business Type / Enterprises 25	24,779,261	183,000	24,962,261
Total Gov Activities & Business Expenditures 26	59,467,016	594,000	60,061,016
Transfers Out 27	20,222,892	225,500	20,448,392
Total Expenditures/Transfers Out 28	79,689,908	819,500	80,509,408
Excess Revenues & Other Sources Over (Under) Expenditures/Transfers Out Fiscal Year 29	-6,336,146	-591,500	-6,927,646
Beginning Fund Balance July 1 30	34,596,403	0	34,596,403
Ending Fund Balance June 30 31	28,260,257	-591,500	27,668,757

Passed this 16 day of May, 2019
(Day) (Month/Year)

Signature
City Clerk/Finance Officer

Signature
Mayor