

BUDGET SUMMARY SCHEDULES

INDIVIDUAL MAJOR FUNDS

AND

NON-MAJOR FUNDS COMBINED

Major Fund Information

Beginning with the City's Fiscal Year 2002/2003 Comprehensive Annual Financial Report, financial information has been presented for Major and Non-Major Funds for both governmental fund types and business-type/enterprise funds. This change was effective when the City implemented Governmental Accounting Standards Board (GASB) Statement 34.

Major funds are defined as those in which the fund's assets, liabilities, revenues or expenditures for the fiscal year are 10% or more of the respective governmental or business-type fund totals of assets, liabilities, revenues or expenditures. In addition, the fund's assets, liabilities, revenues or expenditures must also be at least 5% of the total of these same categories for both governmental and business-type funds combined. A City's General Fund is always considered a major fund, even if it would not meet the above criteria.

For Fiscal Year 2011/2012 the City's major funds were determined to be:

Governmental Funds:

- General Fund
- Employee Benefits Special Revenue Fund
- Local Option Sales Tax Special Revenue Fund
- Debt Service Fund

Business-Type/Enterprise Funds:

- Water Pollution Control Fund
- Transfer Station Fund
- Refuse Collection

These funds are described and historical information is presented for these funds in their respective sections of this budget document. These funds are expected to continue to be the City's major operating funds for future year budgeting and financial reporting purposes.

City of Muscatine
Operating Funds - Major Funds and Non-Major Funds Combined
Budget Summary

	Major Governmental Funds				Major Business-Type/ Enterprise Funds			Other Non-Major Funds	Total
	General	Employee Benefits	Local Option Sales Tax	Debt Service	Water Pollution Control	Transfer Station	Refuse Collection		
Projected Beginning Balance, July 1, 2013	\$ 2,949,122	\$ 3,865	\$ 1,798,650	\$ 86,995	\$ 1,606,612	\$ 24,895	\$ 236,381	\$ 10,633,034	\$ 17,339,554
Revenues and Other Sources									
Property Taxes	\$ 7,138,119	\$ 3,027,205	\$ -	\$ 2,374,186	\$ -	\$ -	\$ -	\$ 917,400	\$ 13,456,910
Other City Taxes	715,653	13,007	2,516,100	9,881	-	-	-	-	3,254,641
Licenses and Permits	303,100	-	-	-	1,700	-	-	18,000	322,800
Intergovernmental	553,100	-	-	-	-	-	-	5,496,300	6,049,400
Charges for Services	664,600	-	-	-	4,107,000	1,914,650	2,171,000	5,569,200	14,426,450
Use of Money and Property	148,800	-	1,800	500	3,000	1,500	200	931,370	1,087,170
Other Revenue	1,527,800	-	-	-	91,500	7,350	4,700	3,196,550	4,827,900
Other Financing Sources									
Transfers In	6,354,377	-	503,220	386,299	65,000	36,750	-	2,671,694	10,017,340
Total Revenues and Other Sources	\$ 17,405,549	\$ 3,040,212	\$ 3,021,120	\$ 2,770,866	\$ 4,268,200	\$ 1,960,250	\$ 2,175,900	\$ 18,800,514	\$ 53,442,611
Funds Available	\$ 20,354,671	\$ 3,044,077	\$ 4,819,770	\$ 2,857,861	\$ 5,874,812	\$ 1,985,145	\$ 2,412,281	\$ 29,433,548	\$ 70,782,165
Expenditures and Other Uses									
Public Safety	\$ 8,486,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,000	\$ 8,506,000
Public Works	2,347,700	-	-	-	-	-	-	-	2,347,700
Health and Social Services	20,000	-	-	-	-	-	-	-	20,000
Culture and Recreation	3,093,000	-	-	-	-	-	-	134,850	3,227,850
Community and Economic Development	837,600	-	-	-	-	-	-	2,419,980	3,257,580
General Government	2,232,200	-	-	-	-	-	-	40,000	2,272,200
Debt Service	-	-	-	2,788,604	-	-	-	1,227,693	4,016,297
Business Type/Internal Service	-	-	-	-	2,867,500	1,935,900	2,074,300	9,444,980	16,322,680
Other Financing Uses									
Transfers Out	672,207	3,044,077	3,873,220	-	1,469,844	45,500	99,946	5,171,753	14,376,547
Total Expenditures and Other Uses	\$ 17,688,707	\$ 3,044,077	\$ 3,873,220	\$ 2,788,604	\$ 4,337,344	\$ 1,981,400	\$ 2,174,246	\$ 18,459,256	\$ 54,346,854
Projected Ending Balance, June 30, 2014	\$ 2,665,964	\$ -	\$ 946,550	\$ 69,257	\$ 1,537,468	\$ 3,745	\$ 238,035	\$ 10,974,292	\$ 16,435,311
Increase (Decrease) in Fund Balance	\$ (283,158)	\$ (3,865)	\$ (852,100)	\$ (17,738)	\$ (69,144)	\$ (21,150)	\$ 1,654	\$ 341,258	\$ (904,243)
Percent Change in Fund Balance	-9.6%	-100.0%	-47.4%	-20.4%	-4.3%	-85.0%	0.7%	3.2%	-5.2%
Percent Ending Fund Balance of Expenditures	15.1%	0.0%	24.4%	2.5%	35.4%	0.2%	10.9%	59.5%	30.2%

Explanations of Significant Changes in Fund Balances of Major Funds

General Fund:

The fund balance of the General Fund is budgeted to decrease by \$283,158 (9.6%) during fiscal year 2013/2014. The budgeted ending balance is 15.1% of expenditures for the year, which meets the minimum percentage required by the City's current financial policies (10%). The City Council in recent budgets has been making efforts to increase the General Fund balance over the minimum of 10% required by the City's current financial policies to at least 15%. The 2013/2014 budget meets this higher targeted level.

The ending General fund balance for 2011/2012 increased significantly to 20.4% of that year's expenditures, compared to 13.6% at the end of the 2010/2011 fiscal year. This increase was primarily due to increased revenue from fines from automatic traffic enforcement (ATE) cameras that were installed in five locations in the spring of 2011; increased parks and recreation revenues; increased building and zoning fees; increased hotel/motel taxes; and expenditures for most departments coming in at less than the amounts budgeted. The City Council chose to use \$250,000 of the increased balance to complete the financing for the new fire engine which was originally planned to be purchased in 2013/2014. In the original 2012/2013 budget the ending balance was budgeted at 14.3% of General Fund expenditures and it was increased to 16.7% in the revised estimate.

While the General Fund budget for 2013/2014 shows the General Fund balance at 15.1% of expenditures, the budget is being "balanced" with \$283,158 of General Fund balance. This is the amount that the estimated 2013/2014 expenditures exceed the estimated revenues. As noted in the Budget Message, the City Council used a portion of the General Fund balance to fund employee benefit costs in lieu of increasing the City's overall property tax rate. It should be again noted, however, that continuing to use the General Fund balance to fund increased employee benefit costs, specifically the expected continued increase in police and fire pension costs, is not sustainable going forward into future years.

Employee Benefits Special Revenue Fund:

This fund accounts for a separate tax levy which funds employee pension and benefit costs for General Fund employees. Each year the City projects employee benefit costs when setting this levy. Due to prior year employee benefit costs being less than budgeted, there will be an estimated \$3,865 beginning fund balance for 2013/2014. The Employee Benefits tax levy for 2013/2014 was set at a rate which results in utilizing this beginning balance to fund the estimated employee benefit costs for 2013/2014. This resulted in the zero balance budgeted in this fund at the end of 2013/2014, which is the balance normally budgeted.

Local Option Sales Tax:

The City has had a one percent local option sales tax since July 1, 1994 with the majority of the proceeds from this tax used for sewer improvement projects. In 2008 voters approved continuation of this tax for a 10-year period with 80% of this tax to be used to continue sewer improvement projects and 20% for the City's pavement management program. The balance in the Local Option Sales Tax fund is budgeted to decrease by \$852,100 (47.4%) to \$946,550 in 2013/2014. A significant portion of the accumulated Local Option Sales Tax funds will be used to fund Phase 1 and to begin Phase 2 of the West Hill Sewer Separation project. This multi-year multi-phase project, with a total cost estimated to reach or exceed \$50

million, is the final sewer separation project mandated in the City's Consent Order with the Environmental Protection Agency (EPA).

Debt Service Fund:

The City sets the debt service tax levy at a level to fund annual debt service requirements on tax-supported general obligation bond issues. A fiscal year 2013/2014 beginning balance of \$86,995 is projected in this fund, primarily due to interest rates on the June 1, 2012 bond issue being less than budgeted. The debt service tax rate for 2013/2014 was set at a rate which will utilize \$17,738 of the accumulated fund balance.

Water Pollution Control Fund:

The balance of the Water Pollution Control fund is budgeted to decrease by \$69,144 (4.3%) in 2013/2014. The balance in this fund has been increasing in the past several years due to minimal budgeted capital outlay purchases since most capital items were incorporated into the major plant improvement project which began in 2008/2009 and was substantially completed in 2011/2012. The Water Pollution Control expenditures for 2013/2014 include \$200,000 in transfers to the West Hill Sewer Separation Long-Term Financing Plan Reserve. A like amount of funds is budgeted to be transferred to this reserve from the Collection and Drainage fund. Annual transfers from both the Water Pollution Control and Collection and Drainage funds began in 2011/2012 and will continue to be made to this reserve which will be used to assist in financing the multi-phase, multi-year West Hill Sewer Separation project which is projected to reach or exceed \$50 million in total costs. Budgeted capital outlay items in the Water Pollution Control fund total \$210,000 for 2013/2014. While the ending balance in this fund is budgeted to decrease during 2013/2014, the ending balance is still 35.4% of fund expenditures.

Transfer Station:

Waste volume at the Transfer Station has decreased significantly since 2000/2001 when 63,799 tons of waste was processed at this facility. The drop in waste volume in recent years resulted in a \$410,639 deficit in this fund as of July 1, 2005. This deficit was eliminated in 2011/2012 due in part to transfers from the Refuse Collection fund of \$200,000 in 2010/2011 and \$50,000 in 2011/2012. The small beginning balance of \$24,895 estimated for July 1, 2013 is projected to decrease to \$3,745 by the end of 2013/2014. The capital outlay allocation budgeted for 2013/2014 includes \$35,500 for the down payment for replacement of the crane and cab. The total cost of this equipment is \$171,500 and an internal loan is budgeted to finance this purchase. The crane to be replaced is the original crane used since the Transfer Station opened in 1995. Annual payments in the next four years will complete the financing for this equipment.

Refuse Collection:

The balance in the Refuse Collection fund is budgeted to increase by \$1,654 (.7%) in 2013/2014. During the review of this budget there was discussion of a possible long-term plan to change to 1-person refuse collection vehicles with side-loaders similar to what is used by the City's curbside recycling contractor. Costs to fully implement such a program would be significant with side-loading refuse vehicles having a higher cost than regular vehicles and the added cost to provide customers with bins that could be loaded by the 1-person trucks. The 2013/2014 budget includes funds for a "trial area" to start moving in this direction, but does not include funding to replace a refuse vehicle. The capital outlay items include \$26,000 to equip two of the current refuse collection vehicles with tippers that would be used to load the standardized refuse bins that would be required under this type of program. The budget also includes \$34,000 to purchase bins, again for a trial area only. It should be noted that with the tippers, a two person

crew will still be required. If this is the direction the City Council wishes to move, a plan to implement the 1-person trucks will need to be implemented over a number of years.

Non-Major Funds:

The fund balance of non-major funds combined is expected to increase by \$341,258 (3.2%) during 2013/2014.