

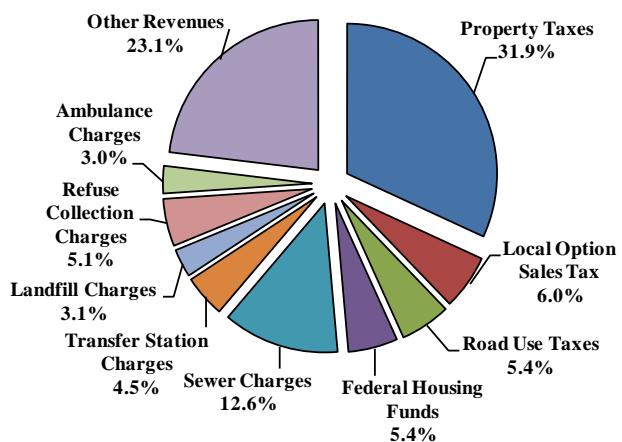
City of Muscatine
Major Revenue Sources
Fiscal Year 2013/2014 Budget

General Information

The City of Muscatine budgeted operating revenues of \$42,227,671 for 2013/2014 include all budgeted revenues of the City with the exception of revenues funding the City's capital projects. Capital project revenues include bond proceeds, state and federal grants and transfers from other funds. As capital project revenues and expenditures vary significantly from year to year, these amounts have been excluded from the summary schedules in this section of the budget to more accurately compare revenue and expenditure trends over the last several years. Of the total 2013/2014 budgeted operating revenues, 76.9% is estimated to be received from nine major revenue sources. This section of the budget includes the basis for the budget estimates for each of these nine categories as well as relevant trends in these revenue sources.

	2013/2014 Budget	Percent of Total
Property Taxes	\$ 13,456,910	31.9%
Local Option Sales Tax	2,516,100	6.0%
Road Use Taxes	2,286,600	5.4%
Federal Housing Funds	2,266,000	5.4%
Sewer Charges	5,320,000	12.6%
Transfer Station Charges	1,914,650	4.5%
Landfill Charges	1,290,000	3.1%
Refuse Collection Charges	2,171,000	5.1%
Ambulance Charges	1,250,000	3.0%
Other Revenues	<u>9,756,411</u>	<u>23.1%</u>
 Total Operating Revenues	 <u>\$ 42,227,671</u>	 <u>100.0%</u>

Operating Revenues
Budget 2013/2014



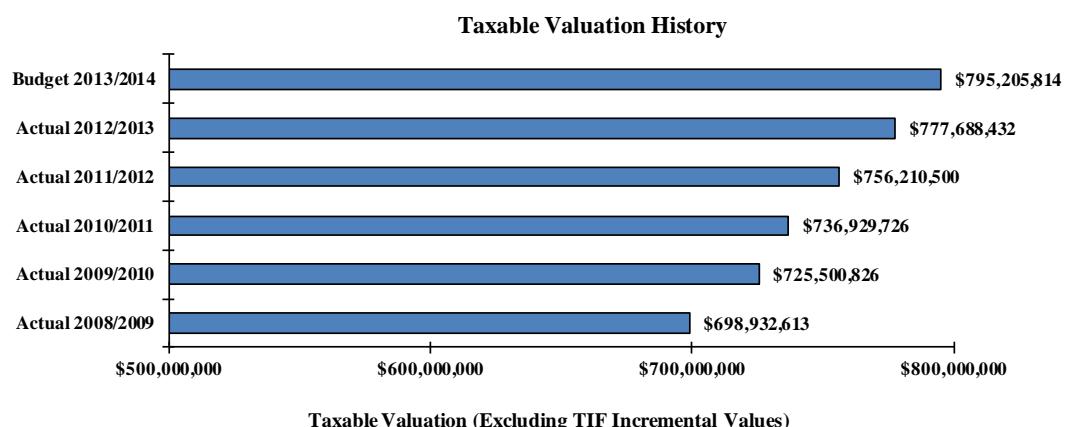
Property Taxes
FY 2013/2014 Budget \$13,456,910

General Information

Property taxes comprise 31.9% of the City's operating revenues. The taxes in this category include both regular property taxes and property taxes from tax increment financing (TIF) districts. The City has a strong tax collection rate with the rate of collection of current year taxes generally over 99%.

Budgeted property tax revenue is determined based on taxable valuation of property and tax rates for various categories of taxes as provided for by the State of Iowa. Following are charts of taxable property valuations, tax rates and property taxes for the last four years, the estimated amounts for the current year and budgeted amounts for 2013/2014. Relevant assumptions and comments are included for each of the charts. Additional detailed schedules of taxable valuations and tax rates are also included in the "Property Tax Schedules" section, which immediately precedes this section.

Taxable Valuations



Taxable valuations are received from the County Auditor each year. Changes in taxable valuation occur due to new growth or improvements to existing properties, changes in property values by the County Assessor, changes in the State "rollback" factors for the different categories of property and other State-mandated valuation requirements.

For 2013/2014 actual property valuations increased by .36% and taxable property valuations increased by 2.25%. Residential property increased in valuation for 2013/2014 by .99% in actual and 5.12% in taxable values. Commercial property decreased by 1.21% in both actual and taxable value. Industrial property decreased in both actual and taxable valuation by .53%. The decreases in industrial and commercial valuations were due to revaluations by the County Assessor. The difference between actual and taxable values for residential property is due to changes in the State "rollback" factor for residential property. The rollback factor for residential property was set at 52.8166% for 2013/2014 compared to 50.7518% for 2012/2013 (an increase of 4.06%). The changes in the residential rollback for 2010/2011, 2011/2012, 2012/2013, and 2013/2014 were unusual in that the rollback decreased which resulted in increased taxable values in each of these years. In most prior years the rollback increased which resulted in decreases in taxable values. Commercial and industrial values were valued at 100% in 2013/2014, the same as for 2012/2013.

Property Tax Rates



The City's tax rate for 2013/2014 is comprised of six different categories as provided for by the State of Iowa. These include the General Fund, Transit, Tort Liability, Employee Benefits, Debt Service, and Levee Improvement levies.

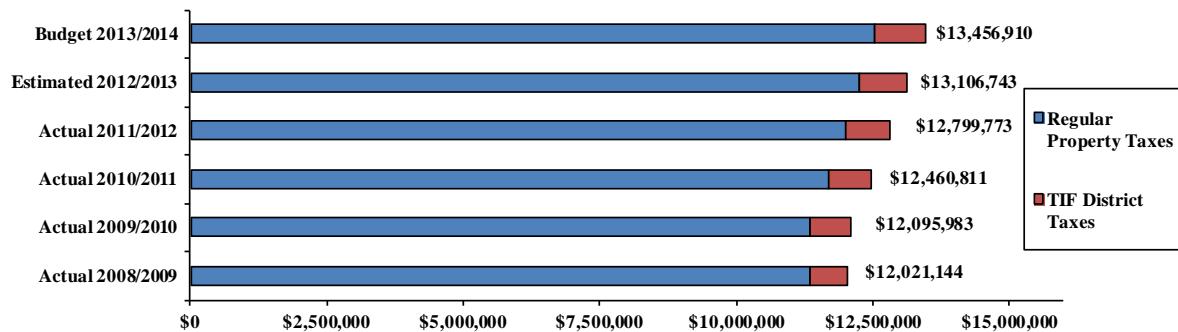
Three of the tax categories are limited by State law to maximum rates per \$1,000 of valuation. These maximums are \$.810 per \$1,000 of valuation for the General Fund, \$.95 for Transit, and \$.0675 for Levee Improvements. The City is at the maximum rate for the General Fund and Levee Improvement categories, but is less than the maximum for the Transit levy.

The other tax categories do not have limits per \$1,000 of valuation. The Debt Service levy is the amount required for principal and interest on general obligation debt, the Employee Benefits levy is based on budgeted employee benefits in the General Fund, and the Tort Liability levy is based on estimated insurance costs.

The City's tax rate for 2013/2014 was maintained at the same rate as 2012/2013. Increases in the transit and tort liability rates were offset by decreases in the debt service and employee benefits tax levy rates. The overall tax rate was maintained at the prior year level due to the employee benefit levy funding \$530,246 less than the full amount of General fund employee benefits eligible to be funded from that levy. In effect, that amount of employee benefits will be funded from the General fund in 2013/2014.

Property Tax Revenue

Property Taxes (Including Tax Increment Financing (TIF) Taxes)



Property taxes estimated for 2013/2014 total \$13,456,910, including \$12,539,510 from regular property tax and \$917,400 from tax increment financing (TIF) taxes. This is a 2.3% increase in regular property taxes and a 2.7% increase in total taxes including TIF taxes.

Local Option Sales Tax
FY 2013/2014 Budget \$2,516,100

General Information

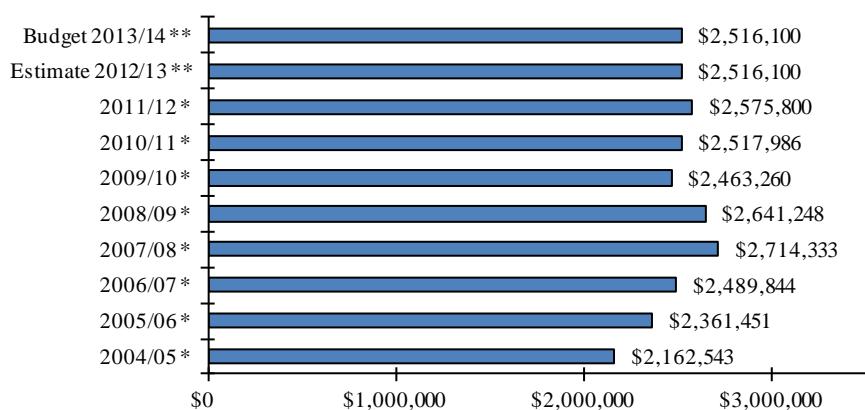
Voters in the City of Muscatine first approved the 1% local option sales tax in 1994 for a five year period from July 1, 1994 through June 30, 1999. Proceeds from this tax were required by the referendum to be used for storm and sanitary sewer projects in the City. In 1998 voters approved the extension of this tax for another five year period through June 30, 2004 to continue the sewer improvement program. In January 2003 voters approved allocating up to 10% of the local option tax to the "Pearl of the Mississippi Project". This project included a new aquatic center, skatepark, trail extension, marina improvements, boat launch ramp relocation, Riverview Center renovation and community art. In January 2004 voters approved an additional five year extension to this tax through June 30, 2009 with 90% of the tax to be used for sewer projects and up to 10% to be used for the "Pearl of the Mississippi Project". In 2008 voters approved extension of this tax for a 10-year period with 80% of the tax proceeds used for storm and sanitary sewer projects and 20% for the City's pavement management program.

Basis of Local Option Tax Estimate

Each fiscal year the Iowa Department of Revenue and Finance makes estimated local option sales tax payments to the City. The following fiscal year, the City receives an additional payment which reconciles actual local option sales tax amounts to the estimates previously remitted to the City. The following chart shows the local option sales taxes earned by the City each fiscal year. These amounts include the reconciliation amounts received the following year. Local option taxes have been conservatively estimated for both 2012/2013 and 2013/2014 at the State's most recent projection without a reconciliation amount.

Local Option Tax Revenue Trends

Local Option Sales Tax Revenue by Fiscal Year
(* Includes Reconciling Amounts Received in Succeeding Fiscal Year)



**Both the 2012/2013 and 2013/2014 amounts have been conservatively estimated due to fluctuations in these revenues in recent years.

Road Use Tax
FY 2013/2014 Budget \$2,286,600

General Information

The State of Iowa collects taxes on gasoline sales, vehicle license fees, and weight taxes. A portion of the funds collected are distributed to cities as Road Use Taxes on a per capita formula basis.

Basis of Road Use Tax Estimate

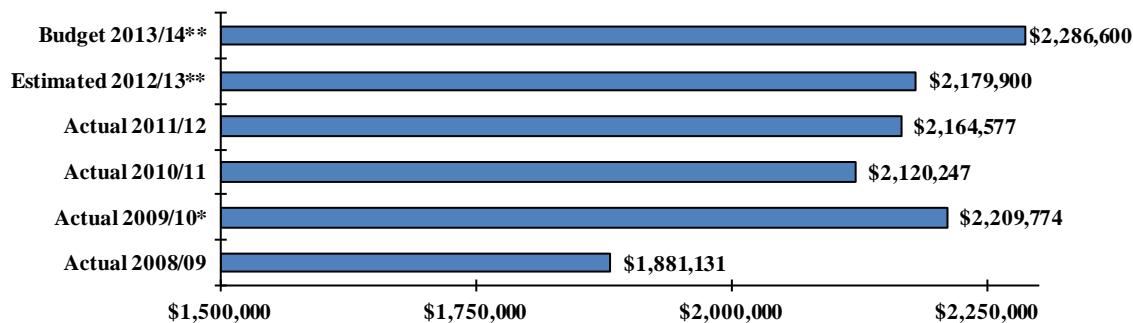
The estimated per capita rate of distribution of the Road Use Tax is provided by the Iowa Department of Transportation based on current laws regarding specific revenue to and disbursement from the State's Road Use Tax Fund.

Road Use Tax Revenue Trends

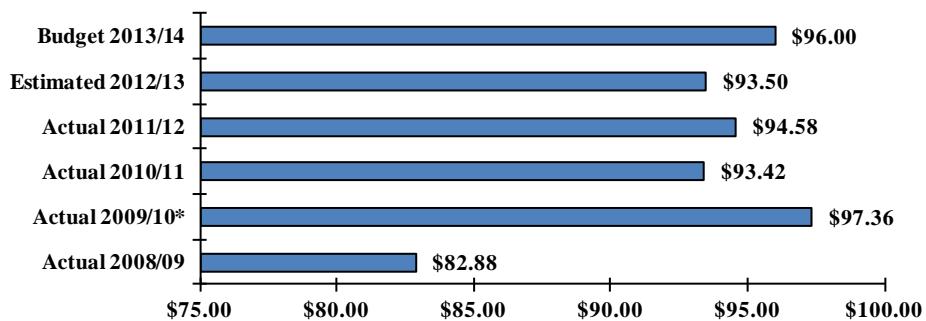
The first chart below shows actual Road Use Tax revenues for the previous four fiscal years and the estimated amounts for both the current year and 2013/2014. The second chart shows the actual and estimated per capita tax distribution rates for the same years. The per capita estimate is based on the current law regarding revenue to and disbursements from the State's Road Use Tax fund. Any changes in the law could change the per capita amount to be distributed to cities.

The increases in Road Use Tax revenues in 2012/2013 and 2013/2014 are in part due to population increases from two recent voluntary annexations. The population for the first seven months of 2012/2013 was 22,954 (2010 census of 22,886 plus 68 with the annexation of the Heatherlynn and Irish Ivy areas). The population for the last five months of the year increased by 865 to 23,819 due to the annexation of the Ripley's area. The 2013/2014 Road Use Tax estimate is based on a full year of 23,819 population at \$96.00 per capita.

Road Use Tax Revenue



Road Use Taxes (Per Capita Basis)



* Road use tax revenues in 2009/2010 reflect 13 months of Road Use Tax receipts. Beginning in 2009/2010 the City is accruing two months of road use taxes at fiscal year end.

** Road use tax revenues in 2012/2013 and 2013/2014 include increases from two recent voluntary annexations.

Federal Housing Funds
FY 2013/2014 Budget \$2,266,000

General Information

Federal Housing funds are received from the Department of Housing and Urban Development (HUD) for the City's Section 8 Housing Choice Voucher Program and the City's Public Housing Program.

HUD funds for the Section 8 Housing Choice Voucher Program provide housing assistance payments to qualifying individuals and families living in privately owned rental housing units as well as funds for the City to administer this program.

The City operates two public housing facilities - the 100-unit Clark House elderly/handicapped building and the 50-unit Sunset Park family apartment complex. Tenants pay monthly rent to the City based on their income. These rents are used to fund operating expenditures of the two facilities. The City also receives assistance through the HUD Operating Subsidy program to assist in funding operational costs. The amount of funding is based on a formula which takes into account the rents, occupancy rates, allowable expense levels, and utility costs. HUD also allocates capital funds to public housing agencies for improvements to the housing facilities and/or operating costs.

Basis of Federal Housing Fund Estimates

Section 8 Housing Voucher Program. The maximum number of units eligible for Section 8 funding has been 376 since 2001. In 2004 HUD changed the allocation basis for Section 8 funds which resulted in a decrease in the number of individuals and families that can be assisted through this program. Under this funding structure the HUD funding allocations for housing assistance payments are set at fixed amounts which are determined annually. Housing assistance payments (HAPS) to tenants vary based on incomes and increases in the average housing assistance payment result in a reduction in the number of individuals and families that can be assisted. Prior to this change HUD funds varied based on actual tenant assistance payments (which are based on tenant income) and occupancy levels.

For calendar year 2012 HUD made additional changes in how the Section 8 Voucher program funds are distributed to housing agencies. As part of the HUD funding for 2012, housing agencies were required to use previous year unspent HAP funds to fund a portion of the current year's HAP payments. This will result in lower HAPS reserves at the end of 2011/2012, 2012/2013, and 2013/2014. According to information from HUD, this was not intended to reduce the number of families and individuals receiving rent subsidies under the Section 8 Voucher program, but only to lower the reserves held by housing agencies. Based on the current average rent subsidy and the estimated calendar year 2013 funding, the City will not be provided sufficient HUD funding to assist the maximum number of individuals or families authorized (376). The goal of the Housing staff is to maximize usage of the allowed HUD funds and to strive to obtain increased funding for housing assistance payments each year.

Public Housing. In most recent years the City has been eligible to receive operating assistance for the City's public housing program through the HUD Operating Subsidy program. Eligibility for receipt of these funds is normally computed based on rent revenue of the housing program, allowable expense levels, utility expenses, and other factors. HUD Operating funds were \$173,593 in 2008/2009, \$184,564 in 2009/2010, and \$165,584 in 2010/2011. For calendar year 2012, however, HUD changed how Operating Subsidy funds were allocated taking into consideration the operating reserve for each housing agency. This resulted in the City's Public Housing Program receiving no Operating Subsidy during calendar year 2012. Since the calendar year encompasses two City fiscal years, the Operating Subsidy for

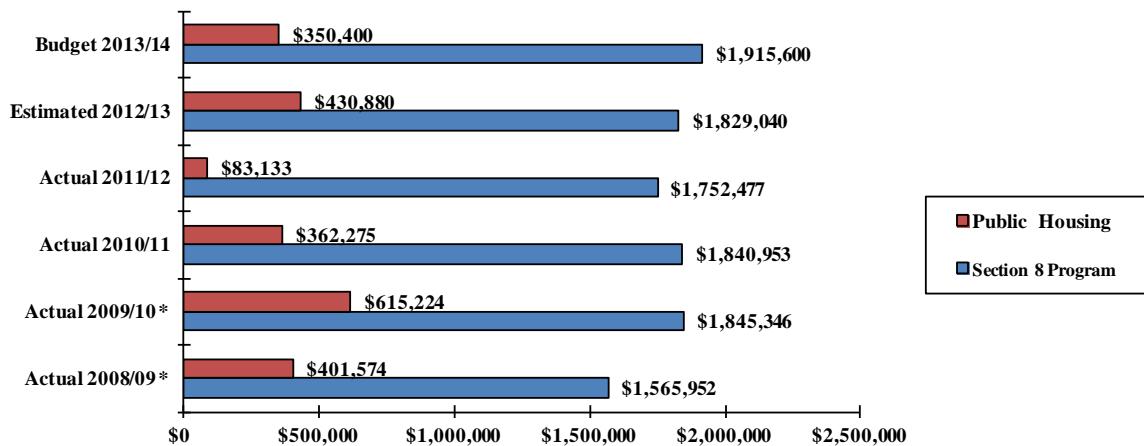
the first six months of the 2011/2012 fiscal year was \$83,133 and no funding was received in the last six months of the year. An estimated \$108,000 in Operating Subsidy has been budgeted for the last six months of fiscal year 2012/2013 (January-June, 2013). The estimated Operating Subsidy for 2013/2014 is \$200,400.

Since 2000/2001 HUD has been allocating funds to Public Housing programs under the Capital Funds program. The City's allocation for 2008/2009 was \$202,533, for 2009/2010 \$198,736, and for 2010/2011 \$196,691. The HUD 2011 Capital Funds allocation was \$171,006 and an additional \$151,875 was allocated in 2012. In prior years the City (with HUD approval) had been drawing down the HUD Capital Funds as operating funds and then including those funds in the overall operating and capital budgets for both the Clark House and Sunset Park. Since having those funds in the Operating Reserve negatively impacted the Public Housing program when the Operating Subsidy was calculated, the 2011 and 2012 funds were not drawn down for operations in 2011/2012. The revised estimate reflects \$322,881 in HUD Capital Funding revenue from the 2011 and 2012 grants. Housing agencies are given two years to obligate each year's capital funding allocation. The 2013/2014 budget reflects an estimated \$150,000 in HUD Capital Funding from the 2013 grant.

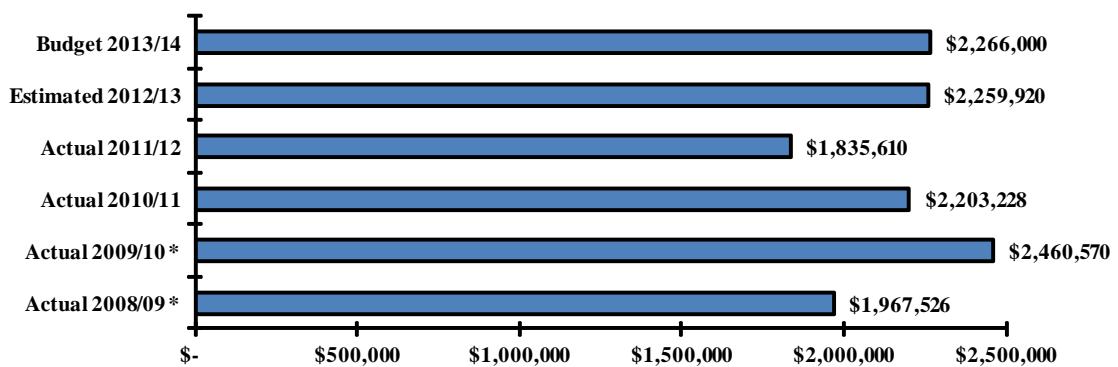
Federal Housing Funds Revenue Trends

The first chart below shows the revenue trends by housing program for the last four fiscal years, the estimated amounts for 2012/2013 and the budgeted amounts for 2013/2014. The second chart shows the total HUD funds received and estimated to be received for the housing programs for the same years.

Federal Housing Funds by Program



Federal Housing Funds - All Programs



* In 2008/2009 and 2009/2010 an additional \$256,398 was received in Public Housing Capital Funds through the federal Stimulus program.

Sewer Charges for Services
FY 2013/2014 Budget \$5,320,000

General Information

Sewer service charges of the City are accounted for in the Water Pollution Control and Collection and Drainage enterprise funds. These charges include residential and commercial charges, industrial charges, collection and drainage charges, sewer connection fees, and industrial sampling charges. The City contracts for in depth rate studies to assist the City in setting sewer rates for the various types of sewer users. The usage and revenue estimates in the model are updated annually during the budget review process.

In 2002 the City contracted for consultant services to assist in developing a new sewer rate structure. One component of the new structure was to provide a multi-year contract with the City's major industrial sewer customer (Heinz USA) to provide a guaranteed minimum of industrial sewer revenues. Another component provided for a separate "collection and drainage" charge as part of all residential and commercial customer sewer bills. The new structure went into effect July 1, 2003 and included provisions for additional increases in sewer rates effective July 1, 2004 and July 1, 2005. A new rate study was completed in the spring of 2006 setting rates for a one-year period for regular sewer fees and a three-year period for collection and drainage fees. In the spring of 2007, sewer rates were set for both 2007/2008 and 2008/2009. In the spring of 2009, rates were set for a four-year period from 2009/2010 through 2012/2013 for both sewer services and collection and drainage. A new rate study will be done in 2013 to establish rates for the next three to five fiscal years.

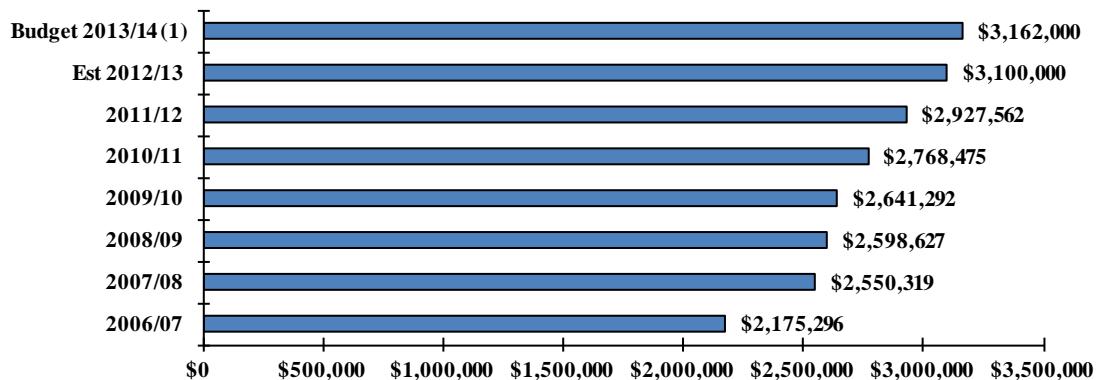
Basis of Revenue Estimates

Staff of the Water Pollution Control department review historical residential and commercial customer usage to estimate the expected volumes to be received from these classes of customers for the upcoming year. For industrial customers, historical usage is reviewed and staff also contacts the City's major industrial customers for any usage changes which they may be projecting.

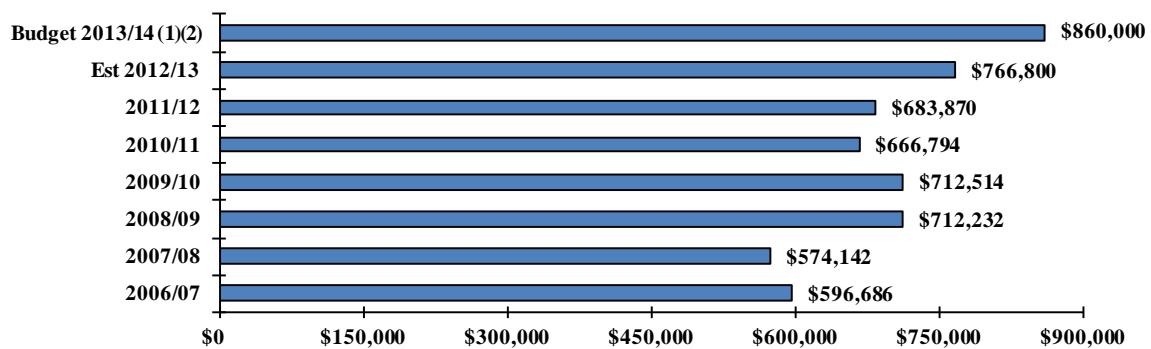
Residential and commercial sewer usage remains fairly constant each year. Industrial usage, however, has varied significantly over the last several years. Industrial sewer revenue and usage decreased in prior years primarily due to reduced volumes from the City's major industrial customer, Heinz USA. As noted above, under the current rate structure the City contracts with Heinz USA for a guaranteed minimum of sewer revenue. This began in 2003/2004 and is expected to continue under the new rate study. The charts below reflect the sewer service charges for the last six fiscal years, the estimated amounts for 2012/2013 and the projections for 2013/2014. The sewer rates for 2012/2013 were budgeted to increase by approximately 5%. This was the fourth of four annual 5% increases in rates needed as part of the Water Pollution Control Plant Comprehensive Facilities Improvement Project financing. The budgeted sewer rates for 2013/2014 reflect an estimated 2% increase. The actual rates and revenue, however, will be determined from the rate study to be completed in the summer of 2013.

Sewer Revenue Trends

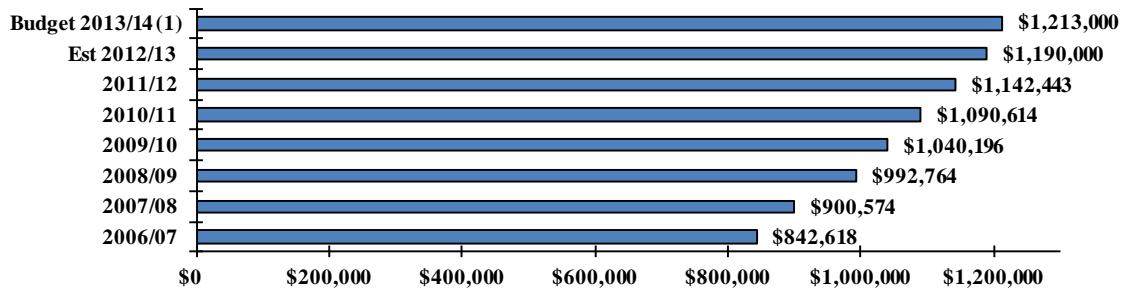
Residential and Muscatine Power and Water Billed Commercial Sewer Revenue



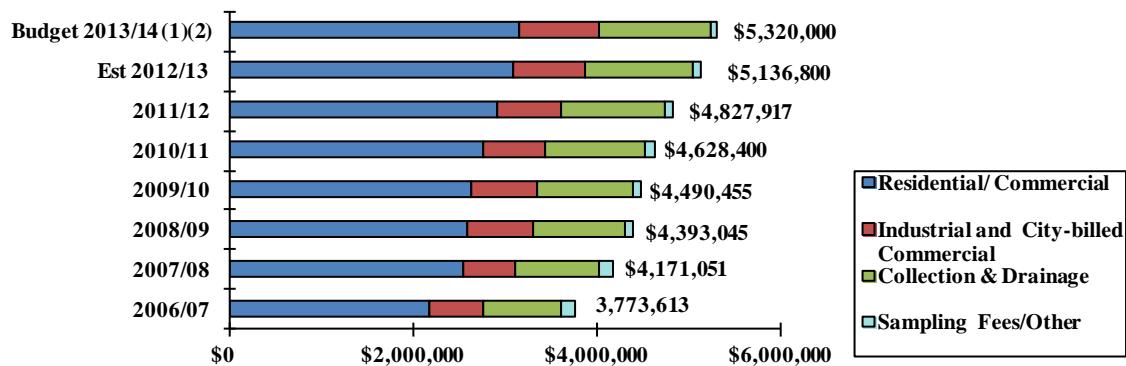
Industrial and City-Billed Commercial Sewer Revenue



Collection and Drainage Revenues



Sewer Revenues - All Types



- (1) The Residential and Muscatine Power and Water billed Commercial Sewer charges, the Industrial and City billed Commercial charges, and the Collection and Drainage charges for 2013/2014 reflect estimated 2% increases in those rates. The actual rates and revenues will be determined from the rate study to be completed in the summer of 2013.
- (2) Industrial and City billed commercial charges include an estimated \$80,000 from Ripley's Mobile Home Court with the sewer extension project expected to be completed by 6-30-13.

Transfer Station Charges for Services
FY 2012/2013 Budget \$1,914,650

General Information

The City's Transfer Station opened in August of 1995. Refuse is delivered to this facility by public and private refuse collection services, businesses and individuals. The refuse is compacted and transported by semi-trailers to the landfill.

Basis of Estimate

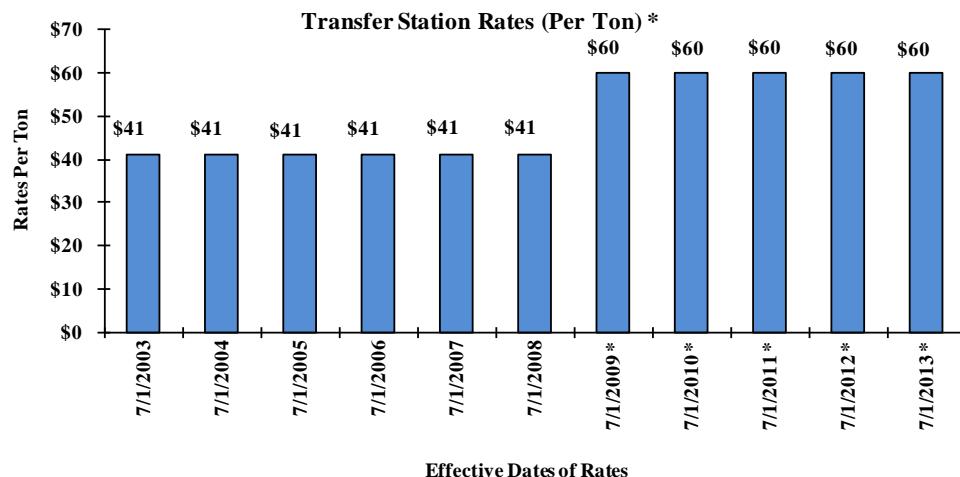
The City sets a "per ton" fee for the disposal of refuse at the Transfer Station. This fee is reviewed annually as part of the budget process. Analysis of the fees required is based on estimated volumes of refuse, estimated operating and capital expenditure needs, and in previous years the annual debt service payments for the construction of this facility. Consideration is also given when setting rates, to the potential loss of customers to Illinois landfills if the rates are increased significantly from their current levels. Beginning in 2004/2005, debt service requirements on the general obligation bonds that financed construction of the Transfer Station are being funded from the debt service tax levy rather than Transfer Station revenues as had originally been anticipated.

The transfer station rate was \$38.00 per ton in 2001/2002 and it increased to \$41.00 per ton for 2002/2003. The 2002/2003 increase was in part due to reduced waste volumes received in 2001/2002. Since Transfer Station fees also fund landfill expenditures, this rate increase was also needed to fund increased expenditures at the landfill, including land acquisition costs. The Transfer Station rate increased to \$60.00 per ton effective July 1, 2009 and that rate will continue through 2013/2014. The Landfill fund had a deficit balance of over \$2.5 million at the end of 2009/2010 primarily due to the significant costs of developing new cells at the Landfill. The rate increase was part of the plan to eliminate this deficit over the next several years. In 2009/2010 the City began offering industrial contracts for refuse disposal whereby industries can enter into an agreement with the City to dispose of their waste at the Transfer Station and be directly billed for the disposal fees. Under these agreements the industries qualify for a discounted industrial rate of \$50/ton of which \$30 of this rate is paid to the Landfill. This was implemented to retain waste volume at the Transfer Station that might otherwise have gone to Illinois landfills. Additional negotiated disposal rates were implemented midway through the 2010/2011 year to increase the waste volume coming to this facility.

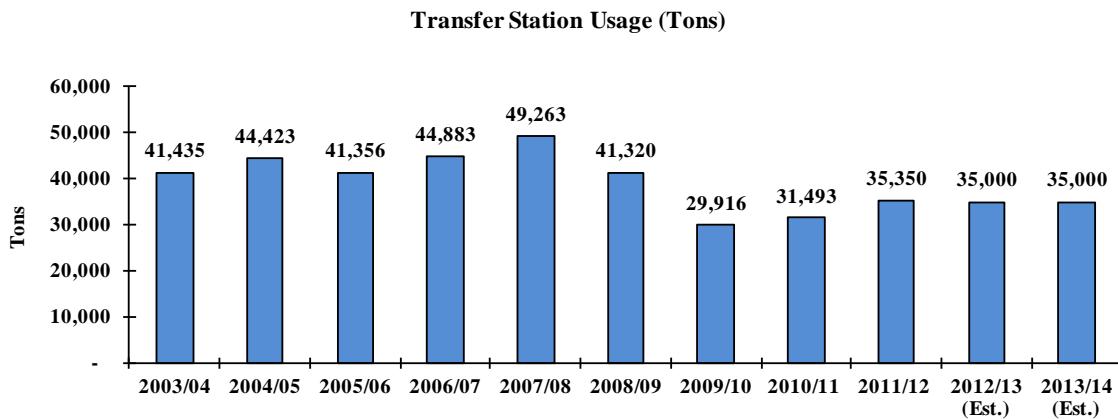
The actual Transfer Station waste volume was 41,435 tons in 2003/2004, 44,423 in 2004/2005, 41,356 in 2005/2006, 44,883 in 2006/2007, 49,263 in 2007/2008, 41,320 in 2008/2009, 29,916 in 2009/2010, 31,493 in 2010/2011 and 35,350 in 2011/2012. The 2012/2013 revised estimate and the 2013/2014 budget are each based on a projected 35,000 tons of waste.

Transfer Station Revenue Trends

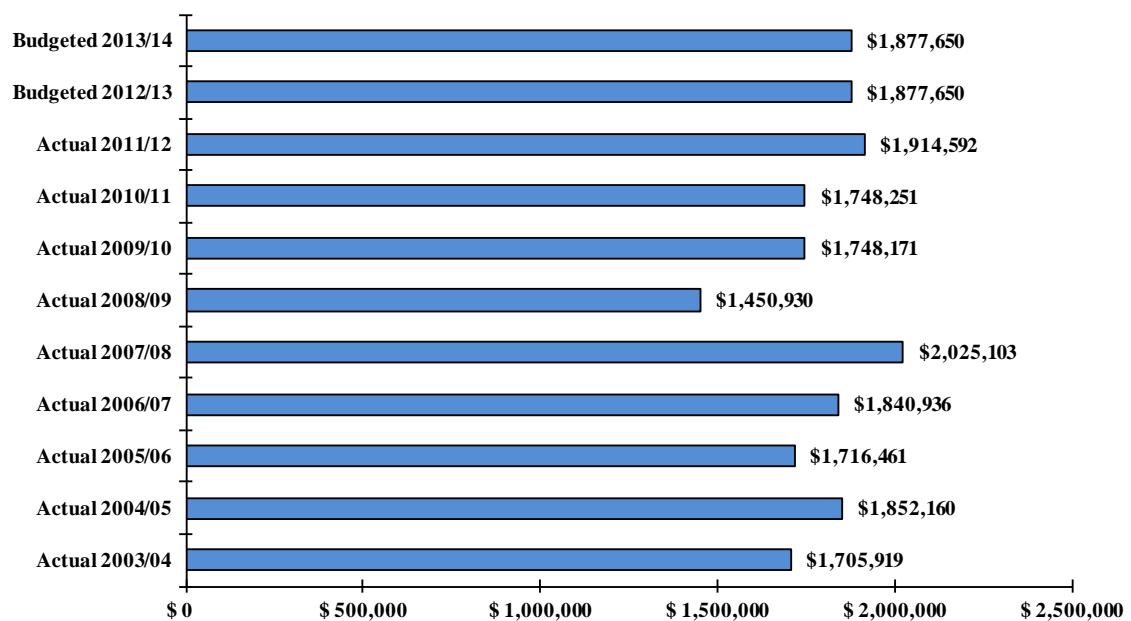
The following charts show Transfer Station rates, usage, and revenues since 2003/2004:



***In 2009/2010 the City began offering industrial contracts for refuse disposal whereby industries can enter into an agreement with the City to dispose of their waste at the Transfer Station and be directly billed for the disposal fees. Under these agreements the industries qualify for a discounted industrial rate of \$50/ton of which \$30 of this rate is paid to the Landfill. Additional negotiated industrial rates were implemented midway through the 2010/2011 fiscal year.**



Transfer Station Revenues



Landfill Fees
FY 2013/2014 Budget \$1,290,000

General Information

The City's Transfer Station fees include funding for the Landfill. The Transfer Station pays the Landfill on a per-ton basis for waste disposed of at the Landfill. This rate has varied in recent years due to operational and capital requirements at both the Landfill and Transfer Station.

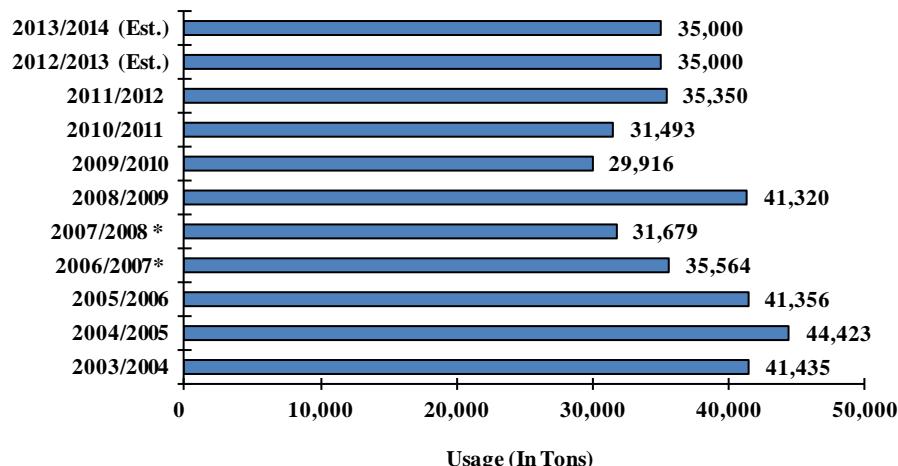
Basis of Revenue Estimate

The landfill waste volume was 41,435 tons in 2003/2004, 44,423 in 2004/2005, 41,356 in 2005/2006, 35,564 in 2006/2007, 31,679 in 2007/2008, 41,320 in 2008/2009, 29,916 in 2009/2010, 31,493 in 2010/2011, and 35,350 in 2011/2012. The waste volume was reduced in both 2006/2007 and 2007/2008 due to landfill capacity issues which required waste to be hauled to the Scott County Landfill for portions of each of these years. The 2012/2013 revised estimate and the 2013/2014 budget are each based on a projected 35,000 tons of waste. The rate per ton paid to the Landfill was \$25 (of the \$41 Transfer Station rate) for 2006/2007 through 2008/2009. The Transfer Station rate increased to \$60 per ton effective July 1, 2009 with \$40 of this rate paid to the Landfill fund. These rates will remain in effect through 2013/2014. The City negotiated several new industrial contracts in 2011 with revenues from these new contracts directed to the Landfill fund deficit. The rate increase on July 1, 2009 was needed due to the significant cost of developing new cells at the landfill.

Landfill Revenue Trends

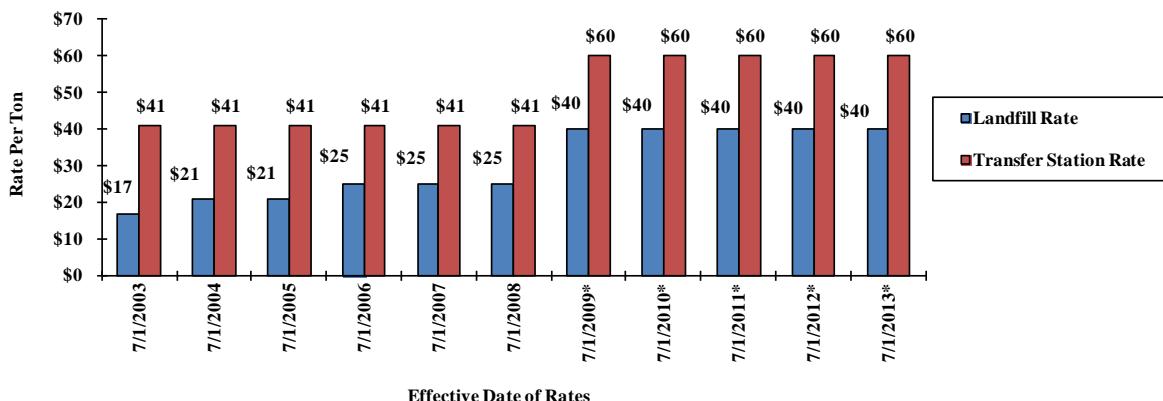
The following two charts show the tons of waste disposed of at the Landfill and the rates charged. As noted previously, the rates customers pay at the Transfer Station also fund Landfill costs. Both the Transfer Station rate and the rate the Transfer Station pays the Landfill are reflected in the second chart.

Landfill Usage History



* 9,319 tons of waste were taken to the Scott County Landfill in 2006/07 and 7,584 in 2007/08 due to landfill capacity issues

Transfer Station and Landfill Rates (Per Ton)



* In 2009/2010 the City began offering industrial contracts for refuse disposal whereby industries can enter into an agreement with the City to dispose of their waste at the Transfer Station and be directly billed for the disposal fees. Under these agreements the industries qualify for a discounted industrial rate of \$50/ton of which \$30 of this rate is paid to the Landfill. Additional negotiated industrial rates were implemented midway through the 2010/2011 fiscal year.

Refuse Collection Charges for Services
FY 2013/2014 Budget \$2,171,000

General Information

The Refuse Collection activity involves the pickup of solid waste by refuse trucks in the City of Muscatine. Refuse at residential dwellings is collected once each week. The department also collects refuse from some apartment complexes, commercial businesses and industrial customers. Non-residential refuse collection is made only upon request, as many businesses contract with private haulers for this service.

Basis of Revenue Estimate

The refuse collection rates effective April 1, 2008 were \$15.50 per month for regular residential customers, \$10.50 per month for senior citizens, and commercial account charges were based on the amount of refuse collected. The rates were increased to \$18.25 July 1, 2009 for regular residential and \$13.25 for senior citizens with a corresponding increase in rates for commercial customers (15%). This rate increase was needed to fund the increased Transfer Station tipping fee of \$60 per ton compared to the previous rate of \$41 per ton, the cost of additional recycling trailers, and increased personnel and fuel costs. In 2009/2010 this division began providing refuse collection and recycling service to the City of Fruitland, bringing in an additional \$70,000 of revenue to this fund. Rates increased to \$20.00 for regular residential and \$15.00 for senior citizens effective April 1, 2011 when the contracted single sort curbside recycling program was implemented. Those rates are budgeted to continue through 2013/2014. This division began providing refuse collection and curbside recycling services to the recently annexed Ripley's Mobile Home Court on April 1, 2013. This service will bring in an additional \$17,100 of revenue to this fund in 2012/2013 and \$68,250 in 2013/2014.

Revenue estimates are developed by a review of the average number of senior and regular residential customers, as well as commercial customers, multiplied by the respective rates. Revenues from commercial customers, however, can vary from the estimates since these customers have the option of using private refuse haulers.

Refuse Collection Revenue Trends

Refuse Collection revenues for the last six years, the estimated revenue for 2012/2013 and the budgeted revenue for 2013/2014 are shown in the following chart. The second chart shows the refuse collection rates since July 1, 2006.

Refuse Collection Revenues



1. Rates increased by \$.50 and \$.25, respectively, for regular and senior citizens for 2006/2007.
2. Rates increased by \$.50 and \$.40, respectively, for regular and senior citizens for 2007/2008.
3. Rates were increased by \$1.50 and \$1.10, respectively, for regular and senior citizens effective April 1, 2008.
4. Rates increased by \$2.75 for both regular and senior citizens for 2009/2010.
5. Includes \$70,000 for charges for City of Fruitland services beginning in 2009/2010.
6. Rates were increased by \$1.75 for regular and senior citizens effective April 1, 2011 when the single sort curbside recycling program was implemented. These rates were maintained for 2013/2014.
7. Includes an estimated \$17,100 from Ripley's Mobile Home Court for April - June 2013 based on starting refuse collection services to this recently annexed area in April 2013.
8. Includes \$68,250 for charges for Ripley's Mobile Home Court services for 2013/2014.

Refuse Collection Rate History (Rates Per Month)



**Ambulance Charges for Services
FY 2013/2014 Budget \$1,250,000**

General Information

Through June 30, 2000, ambulance service for the City of Muscatine and surrounding townships was provided by a private ambulance service under contracts between the City and each respective township, and the ambulance service. The agreement with the previous ambulance provider expired on June 30, 2000.

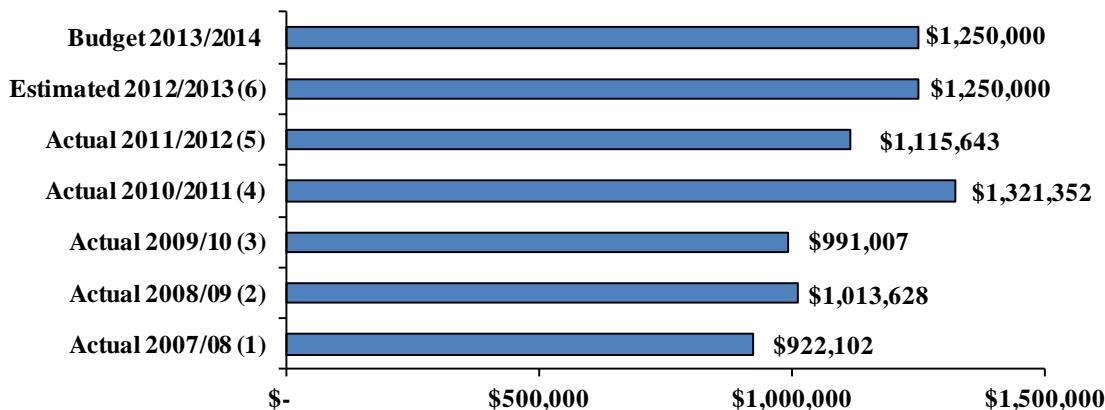
In August of 1998 the City contracted with an outside consultant to provide a thorough analysis of the City's system of pre-hospital care involving the Muscatine Fire Department and Muscatine Ambulance, Inc. The consultant's report was used as a basis for development of specifications and a request for proposals (RFP) for potential providers of ambulance services upon the expiration of the ambulance contract on June 30, 2000. Two proposals to provide ambulance service were received and evaluated by the Emergency Medical Services (EMS) Review Team. After review and analysis of the proposals received and interviews with each potential provider, the EMS Review Team recommended the Muscatine Fire Department be awarded the contract to provide ambulance services beginning July 1, 2000.

Basis of Revenue Estimate

Ambulance fees frequently take several months or longer to collect. Based on actual revenue results from past years, collection rates have been in the range of 60-70% of total billed charges and 80-85% of collectible charges. Collectible charges are the charges remaining after the mandated reductions for Medicare patients. At the end of each fiscal year, staff estimates the amount expected to be collected on the current year charges and accrues this amount to the year in which the service was provided. A conservative estimate was used in the first years of this operation which resulted in collections on prior year accounts over the amounts expected. These additional amounts or any reductions to the accrued amounts are reflected in the revenue amount the following year. These are detailed in the footnotes to the chart below. The City also has made incremental changes in the ambulance fee schedule based on surveys from other regional providers as well as amounts allowed by medical insurance providers.

Ambulance Revenue Trends

Ambulance Revenues



1. FY 2007/2008 revenues include a \$22,159 adjustment to decrease the amount accrued on prior year accounts. An increase in the Ambulance base rate to \$525 was effective April 1, 2007. Tiered rates were also established with the ALS1 at \$575, the ALS2 rate at \$675, and the Skilled Care Transport rate at \$775.
2. FY 2008/2009 revenues include a \$9,144 adjustment to increase the amount accrued on prior year accounts. Rates were adjusted in January, 2009 which increased the ALS1 rate to \$586 and the Skilled Care Transport to \$1,002.
3. FY 2009/2010 revenues include a \$17,072 adjustment to decrease the amount accrued on prior year accounts. Ambulance rates did not change in 2009/2010.
4. FY 2010/2011 revenues include a \$75,716 adjustment to increase the amount accrued on prior year accounts. The ALS1 ambulance rate increased to \$616, the ALS2 to \$891 and the Skilled Care Transport to \$1,053 for 2010/2011. The BLS rate did not change for 2010/2011.
5. FY 2011/2012 revenues include a \$24,789 adjustment to decrease the amount accrued on prior year accounts. The ALS1 ambulance rate increased to \$665, the ALS2 to \$962 and the Skilled Care Transport to \$1,137 for 2011/2012. The BLS rate was increased to \$560 in 2011/2012.
6. The Ambulance mileage rate and “ALS Services with no Transport” rates changed for 2012/2013. Other rates continued at the 2011/2012 levels.