

MARSHALLTOWN

— I O W A —

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FINANCE DEPARTMENT

February 10, 2022

To: Mayor Joel Greer
Members of the City Council

From: Diana Steiner, Finance Director

Re: Discussion of FY22 Budget Amendment and FY23 Budget for the Enterprise Funds

Policy Issue: Adoption of FY22 Budget Amendment and FY23 Annual Budget on March 28, 2022 after a public hearing.

Recommendation: This is a review of the proposed budgets related to the Enterprise Funds.

Background: Enterprise funds are activities that run like a business since fees are charged to offset the costs. This includes the Water Pollution Control Plant (WPCP), Sanitary Sewer, Storm Water, Transit, Compost and Aquatic Center Concessions. Department Directors and the City Administrator developed the budget amounts based on known and projected needs. In the attached budget comparison report, the first column shows the actual activity for FY21. The second column shows the adopted budget for FY22. The third column shows the year-to-date actual activity through December (6 months of the fiscal year). The fourth column is a re-estimate of the FY22 budget. The fifth column is a proposed FY23 budget. The sixth column shows the dollar increase between columns five and four. The seventh column shows the percent increase between columns five and four. Any revenues and expenditures related to the Capital Improvement Plan (CIP) that was distributed at the January 31 Council meeting are contained in the funds. The bond payments that are paid from enterprise funds are also shown in these funds under objects 5810 (principal), 5820 (interest), and 5830 (bond fees).

Funds 610 & 611 Water Pollution Control Plant/Sanitary Sewer: This shows the revenue and expenses for their daily operations and related bond payments. The expenses are shown in fund 610 and the revenues are shown in fund 611. The funds are transferred from 611 to offset expenses in 610. In FY23, \$4M in expenses are shown in Fund 610 for the Sanitary Sewer CIPP Rehab Project and the State Revolving Fund debt proceeds are shown in Fund 611.

Funds 612-617 relate to bond revenue and construction costs for capital projects of the WPCP/Sanitary Sewer enterprise. In FY22, debt of \$292K was issued for the remaining sponsored

project (1st St. parking lot). In FY23, \$8M of expenses and State Revolving Fund debt proceeds are shown in Fund 615 for the Headworks Replacement Equipment Project.

Fund 650 Urban Tree Fund: Please see the Council agenda items on January 24th discussing the suggestion of implementing a tree fee to take care of trees/stumps in the terraces around the City. Even though this has not been fully vetted and Council has not taken action to implement, in order to reduce the General Fund expenses by \$27,500, I moved the salary, benefits, and contracted budgeted costs into this fund, so if the Council does decide to pursue, the City has the spending authority.

Funds 690 Transit Operations: Please see the agenda item discussing Transit on the January 31, 2022 Council meeting. The City is proposing to levy \$250,000 for the transit operations.

Fund 740 Storm Sewer/Storm Water: This shows the revenue and expenses for their daily operations and related bond payments.

Fund 741 GO Storm Water Projects: This reflects any bond revenue and construction costs for capital projects of the Storm Water enterprise. Funds from 740 can be transferred to 741 to cover the deficit.

Fund 750 Composting Facility: This shows the revenue and expenses for their daily operations.

Fund 760 Concessions: This shows the revenue and expenses to operate the Aquatic Center concession stand.

Funds 618, 742, and 751 Tornado Funds: These were expenses incurred due to the city clean-up relating to the tornado damage. The budget is showing a transfer from the Tornado Fund 145 to zero these small balances out.

Note: When completing the final budget report, Marshalltown Water Works will be added as part of the Enterprise budget.

Attachment: Enterprise Funds Budget Comparison Report FY23.

cc: Jessica Kinser, City Administrator