

MARSHALLTOWN

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FINANCE DEPARTMENT

February 11, 2022

To: Mayor Joel Greer
Members of the City Council

From: Diana Steiner, Finance Director

Re: Budget Amendment for FY22

Background:

As part of the budgeting process to create a budget for the next fiscal year starting 7/1/22 (FY23), Department Directors have also spent the time to re-estimate the current FY22 budget. A budget amendment is required when actual expenses within the 9 function areas of the budget will be exceeded. With all of the new grant activity, new bonding of projects, scheduling of construction projects, etc. staff are recommending that a budget amendment be completed in March.

As you are aware the General Fund 001 is in a deficit for the current fiscal year. The adopted budget from last March's submission showed a deficit of \$139,193, which Council directed staff to utilize the cash in Fund 001. At the start of the fiscal year, staff became aware that a few computations for payroll were incorrect when the budget was completed, which increased the overall deficit to \$198,504. Again, Council directed staff to use the cash balance. Now that we are over halfway through the year, departments have seen increases in utilities, fuel, insurance, etc. Staff have continued to look for ways to reduce/adjust the current year budget and today we are within \$32,000 of coming back to the \$198,504 deficit.

Now that ARPA funds are available, does the Council want to continue to use the fund balance in the General Fund to handle the deficit or would you prefer to switch to ARPA for the \$32,000 incremental deficit or the full \$231,504 deficit?

Staff will continue to look for savings and bring those options back to you, but staff needs direction in order to complete the budget amendment forms. It is possible that when the fiscal year is closed, we will not have needed to use any of the ARPA since there continue to be staff vacancies..

Staff are recommending a FY22 budget amendment hearing take place March 28th (the same date as the FY23 budget hearing and adoption). Discussion on the entire FY22 budget amendment would occur at the Feb. 28th meeting and then a public hearing notice could be set at the March 14th meeting.

Attachment: N/A

cc: Jessica Kinser, City Administrator