



MARSHALLTOWN
MORE THAN EVER

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To: Mayor and City Council
From: Diana Steiner, Director
Meeting Date: April 14, 2025
Re: RESOLUTION SETTING PUBLIC HEARING PRIOR TO APPROVING THE AMENDED BUDGET FOR FISCAL YEAR ENDING JUNE 30, 2025

Strategic Plan Objective:

Continually improve and sustain the City's infrastructure, organization and services.

Recommended:

Recommend Council set public hearing date for April 28, 2025 at its regular meeting at 5:30.

Budget Impact:

Adjusts the budget to the projected revenues and expenses through June 30, 2025. Allows for additional spending authority if the projected spending function is now higher than the adopted budget.

Description/Background:

A budget amendment is required when actual expenditures within the 9 function areas of the budget will be exceeded. With new grants, updated projects and the rising costs we have seen this fiscal year, staff are recommending that a budget amendment be completed soon so we will not exceed the function area budget. If needed, a second amendment could be completed in May.

The budget amendment does not increase property taxes. It is time to adjust revenues and expenses to reflect new activity that was not known at the time the budget was adopted a year ago in April 2024 (such as new grants, timing of construction project expenditures that aligns with the updated 5-year Capital Improvement Plan; projected wages considering vacancies and retirements throughout the fiscal year, actions taken by Council utilizing Local Option Sales Tax funds, etc.).

In the General Fund 001, revenues continue to equal expenditures. The adopted budget originally had \$684,447 transferred from Local Option Sales Tax Council Designated and \$201,077 from ARPA to balance the General Fund 001. In the amendment, only \$567,884 is transferred from Local Option Sales Tax and no funds will be transferred from ARPA. Instead

ARPA will be used for the MPACT program, since ARPA funds had to be obligated by 12/31/24 and have to be spent by 12/31/26.

We updated positions for vacancies not filled for some of this fiscal year, which included the Housing Director, Planning and Zoning position, City Administrator, Parks and Recreation Director, Fire Chief, engineering staff, transit staff, etc.). We also updated the related employee benefits and retirement payouts related to these positions. We adjusted the budget for the updated 5-year capital improvement plan which includes bond projects, donations and grants and updated the timing of when the outlay of expenditures would happen.

Grant budget amounts were revised to what is actually expected to be received and spent. The larger ones include the Destination Iowa Grant, the Lead HUD grant, the HUD Section 8 Housing grant as well as other grants administered by Region 6 as follows:

CDBG Derecho grants that are a pass-through for the City (Developer pays the costs, the City requests reimbursement from the grant, the City pays the Developer). The larger pass-through grant projects are:

1. 30-unit rental project at 1807 S. 7th Ave with the grant for \$2.3 million
2. 6-unit townhomes on N 4th Ave with the grant for \$980,000 ((this grant was terminated per the developer's request).
3. 6-unit townhomes on South Street with the grant for \$980,000 (this grant was terminated per the developer's request)

There are 7 reports with this agenda item that are being provided to you at this time:

1. The "Notice of Public Hearing – Amendment of Current Budget" will be published in the Times Republican the week of April 17, 2025.

Explanations for the following rows include:

Row #6 local option sales tax increase \$200,000 and hotel/motel tax increase of \$50,000 and utility franchise fee decrease of \$25,000 (Mediacom).

Row #7 increase of excavation permits by \$200,000

Row #8 higher interest earned on bond funds, Road Use Tax, LOST, and enterprise fund balances since projects progressing slower;

Row #9 CDBG pass-through grants explained above, Lead grant fund increase of \$545,000, HUD Section 8 Housing increase of \$209,000, Road Use Tax increase of \$190,000 and other increases/decreases based on projected timing of grant funds spent, including the Destination Iowa Linn Creek District grant.

Row #10 Adopted budget showed Automated Traffic Enforcement (ATE) speeding tickets of \$800,000 in the General Fund 001. Due to legislation requiring approval of the cameras, the projected revenue changed to \$286,000 and changed to a Special Revenue Fund in 154.

Row #12 Increased donations for the Linn Creek District Project based on fundraising and increased donations to the Library for the audiovisual equipment and internal remodel.

Row #13 City is reimbursed with State Revolving loan funds as expenditures are made for the Headworks and CIPP Enterprise projects, so budget reflects the timing of reimbursement.

Row #14 and #27 Transfers: See separate attachment for explanation.

Row #16 reduction for ATE contracted expenses since the City pays contractor \$35 per speeding ticket and revenues went down due to the legislature limiting the number of speeding cameras.

Row #17 includes vacancies in Engineering Department

Row#18 anticipated increased costs in lead grant, which will be reimbursed.

Row #19 changes in CIP projects, including removing the library garage

Row #20 costs originally budgeted to use ATE funds for community beautification, but legislature restricted the use, so it was reallocated to Public Safety.

Row #21 includes software updates for EnerGov, Capital Improvement Plan changes.

Row #23 Construction projects proceeding slower so need less than originally budgeted in FY25. FY26's budget increased for these delayed projects.

Row #25 Include costs for SRF Headworks and CIPP projects due to the timing of construction. It also includes changes in Capital Improvement Plan expenditures.

2. The "FY25 Re-estimated revenues and expenses from state form" report is a part of the FY26 budget submission that relates to FY25.
3. The "Budget Comparison Report all revenues for FY25 Budget Amendment" has been provided to show what is included in the different categories and the differences between the FY25 adopted budget (see Parent Budget column) and the proposed FY25 budget amendment (see Comparison 1 Budget column). Please note that the overall total includes Marshalltown Water Works also.
4. The "Budget Comparison Report all expenses for FY25 Budget Amendment 1" has been provided to show the difference between the FY25 adopted budget (see Parent Budget column) and the proposed FY25 budget amendment (see Comparison 1 Budget column).

All General Funds starting with fund numbers 0XX and Special Revenue Funds 1XX, excluding transfers out, are included in the first 6 functions. The Debt Service Fund 200, excluding transfers out, is what is in the Debt Service line. Funds starting with a 3XX are shown in the Capital Projects line, excluding transfers out. Funds starting with a 6XX or 7XX are shown in the Business Type / Enterprises row, excluding transfers out. Transfers out are shown on a separate line and just show the movement between funds.

5. The "Transfers for FY25 amended budget" explains the reason for the transfers. Changes may have occurred due to the timing of construction projects. The Council approved setting up insurance deductible reserves in case of natural disasters. The Council also approved additional transfers to the self-insured health insurance fund. For budgeting purposes on the state forms, these are shown as expenses, rather than a transfer. The transfer between the Marshall County Communications Commission and the Health Insurance Fund is not budgeted for since these are agency funds and an internal service fund (MCCC staff are still on the City's health plan, but they reimburse the City for their premiums).
6. The "Projected Fund Balance Report" indicates the actual ending cash balances at 6/30/24, the activity for FY25 with the projected ending cash balances at June 30, 2025.
7. The "Marshalltown Water Works Budget" report is included since the City's official budget that is submitted to the County includes them. Their re-estimated revenues are \$9,176,846 and expenditures are \$7,249,365. Their public hearing for their FY26 budget was Feb. 19, 2025 and the Board of Trustees approved. Their budget for FY25 did not change but is included with their FY26 budget. The City's official budget documents include Marshalltown Water Works on Row 25 Business Type/Enterprise expenditures and primarily Row 10 Charges for Service Revenue.

Attachments:

1. 2025-04-14_2025-77_Resolution Set Public Hearing FY25 Budget Amendment
2. Notice of Public Hearing Amendment for FY2025 Budget Amendment
3. FY25 Re-estimated revenues and expenses from state form
4. Budget Comparison Report all revenues for FY25 Budget Amendment 1
5. Budget Comparison Report all expenses for FY25 Budget Amendment 1
6. Transfers for FY25 amended budget
7. Projected Fund Balance Report for FY25
8. Marshalltown Water Works Budget