

MARSHALLTOWN

— I O W A —

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FINANCE DEPARTMENT

February 21, 2020

To: Mayor Joel Greer
Members of the City Council

From: Diana Steiner, Finance Director

Re: FY2020 Budget Amendment

Policy Issue: The Council must approve an amended budget after a public hearing. By approving the budget, Council gives the authority to City staff to spend up to the amount approved within the 9 function areas.

Recommendation: Consider proposed amended budget for the current fiscal year after the public hearing at March 23, 2020 at 5:30 p.m.

Background: There will be no increase in property tax levies due to the proposed budget amendment. Any increase in expenditures will be met from the increased non-property tax revenues and cash balances not originally budgeted. The budget needs to be amended when the budgeted expenditures by function are expected to exceed the amount originally budgeted for that function. Due to continued tornado disaster costs, the delay in the Police/Fire building completion, refunding of bonds and other costs that are now known, a budget amendment is necessary. Staff provided the re-estimated budget information for FY20 in reports given to you while discussing the FY21 budget during the January and February Council meetings (please refer to those meetings for documents). We now want to incorporate those changes officially into the FY20 budget. Since the Council meetings, there are a few more changes that have been made and incorporated into the budget documents:

- a. Fund 145 Tornado Fund: Increased expenses in FY20 by \$12,611 to repay the FEMA portion that was overpaid to the City.
- b. General Fund 001: An ICAP grant was received to purchase an Automated External Defibrillator (AED), so \$1,000 in revenues and expenses were added.
- c. Fund 312 Airport Project fund: Moved federal and state grant from FY20 to FY21.

- d. Fund 182 HUD #4 Lead grant: A payment on a promissory note was paid after the grant was closed, so showing in the budget as a transfer to Fund 180 Housing Grants.
- e. Fund 610 WPCP: The revenues and expenses were adjusted to account for the refunding of the sewer revenue bonds that occurred in December and January of this fiscal year.

The "City Budget Amendment and Certification Resolution" form is our first amendment for this fiscal year. The first column is the original FY20 budget as certified in March of 2019. The middle column shows the changes and the last column is the amended budget proposed.

Note that Marshalltown Water Works is part of our budget for state reporting purposes. They had an increase of revenues of \$1,041,302 and an increase of expenses of \$639,987. Their total revenue budget is now \$5,129,086 and their expense budget is \$4,664,873. Their public hearing was Feb. 18th and the Board of Trustees approved. The City's official budget documents include Marshalltown Water Works under the Proprietary column.

Explanations for the changes:

1. Other City Taxes: Local option sales tax increased by \$900,000
2. Licenses: Building & Electrical permits increased \$20K, Payment from business for Storm Water agreement \$26,000
3. Intergovernmental: Reduce FEMA/IDHS by \$3.6M from tornado, LEAD & Sec 8 reduced by \$200,000, Airport grant \$750K deferred until FY21, Street grant \$390K deferred until FY21.
4. Charges for Service: MWW increased by \$1,036,300, Parking increased by \$26K Sewer revenues increased by \$285K and Youth Fees by \$30K.
5. Assessments: Reduced to \$5,000 expected.
6. Misc: Reduce Coliseum donations since transferred funds from insurance proceeds.
7. Other Financing: Adjusted to a new total that is comprised of \$8.3M bonds refunded, new SRF loan \$3.5M, new bond for new projects \$5.6M, Sale of Fire Building.
8. Transfers in/out: See separate report
9. Public Safety expenses: Reduced FEMA Demo project
10. Public Works: Deferred \$1M Railroad crossing until FY21, Increase expenses incurred from tornado cleanup, increase RUT equipment and traffic lights/inventory.
11. Health: Senior Citizens Demo & abatement
12. Recreation: Aquatic Center and Anson Park improvements (See CIP)
13. Community & Economic: Catalyst grant \$625K:\$1M this FY; Downtown New Construction incentive \$250K, P&Z position
14. General Gov: Building repairs from tornado damage
15. Debt Service: Interest payment on new 2019 GO Bond due in June 2020.
16. Capital projects: Changes in CIP plan.

17. Business: Refunded \$8.2M revenue bonds, SRF manhole project \$3.5M, MWW \$640K,
Tornado chipping \$153K

Budget Impact: Revenues have increased primarily due to bonds (some refunded, some new), insurance proceeds from the tornado, new grants/donations, increased Road Use Tax and Local Option Sales Tax, and interest income. Expenditures have increased primarily due to the refunding of bonds, police/fire building construction costs originally budgeted in FY19, tornado related costs and new costs that are grant/donation funded.

Attachment: FY20 Budget Amendment 1
Transfers for Re-estimated budget March 23 2020

cc: Jessica Kinser, City Administrator