

# MARSHALLTOWN

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## IOWA

Joel Greer, Mayor  
Jessica Kinser, Administrator  
Diana Steiner, Finance Director  
24 North Center Street  
Marshalltown, IA 50158-4911  
Tel - (641) 754-5760 Ext. 2100

## FINANCE DEPARTMENT

February 25, 2022

To: Mayor Joel Greer  
Members of the City Council

**From:** Diana Steiner, Finance Director

**Re:** FY2022 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 and set the public hearing for March 14, 2022 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. A budget amendment is needed when the expected actual expenditures by function would exceed the amount budgeted for that function. Due to the now known Derecho disaster costs and what FEMA will and will not reimburse, capital projects funded by the issuance of bonds, costs associated with new grants received, Council designated projects approved from Local Option Sales Tax, premium increases for property and liability insurance and workers comp., unexpected increased utility and fuel costs, and other costs that are now known, a budget amendment is necessary. Staff provided the re-estimated/budget amendment information for FY22 in reports given to you while discussing the FY23 budget during the January and February Council meetings (please refer to those meetings for documents). We now want to incorporate those changes officially for the FY22 budget.

The “Record of Hearing and Adoption of Budget Amendment” form is the first amendment for this fiscal year. The first column is the adopted FY22 budget as certified in March of 2021. The middle column shows the changes and the last column is the proposed amended budget.

Note that Marshalltown Water Works is part of our budget for state reporting purposes. Their total re-estimated revenue budget is \$6,693,033 (Charges for Services of \$6,633,033 and Miscellaneous of \$40,000 and Use of Money of \$20,000) and their expense budget is \$5,282,715. (Business/Enterprise row).

Explanations for the major changes:

- A. Line 4 Delinquent property taxes: Increase of \$25K. Due to the pandemic, citizens got behind on their payments, so received this fiscal year instead of FY21.
- B. Line 6 Other City Taxes: Local option sales tax increased by \$964K. Our estimate received from the state in August 2021 increased and our reconciliation payment from FY21 received in November 2021 was unexpectedly over \$572K
- C. Line 9 Intergovernmental: We did receive \$2M of ARPA funds and other new grants from CDBG, DOJ, Iowa Great Places, Downtown Revitalization, etc. We originally budgeted \$7.9M of FEMA revenue for demolitions and street repairs from the Derecho damage, but this has now been removed since funding was denied.
- D. Line 10 Charges for Service: Sewer fees increased by \$450K, Storm water fees decreased by \$125K and Marshalltown Water Works fees increased by \$433K.
- E. Line 12 Miscellaneous: Includes an increase of \$644K for insurance proceeds.
- F. Line 13 Other Financing Sources: Issuance of bonds.
- G. Line 14 Transfers in: See separate report. Mostly includes moving various bond funds to complete construction projects. Also, includes a change in practice of now transferring funds from Enterprises to the Debt Service Fund for all General Obligation bond payments.
- H. Line 16 Public Safety: In fund 147, there was an original budget for a FEMA demolition project of \$4M. This project was denied by FEMA.
- I. Line 17 Public Works: In fund 149, there was an original budget of \$5.2M for a street project funded by FEMA. This project was denied.
- J. Line 19 Library & Recreation: Increase funded by grants and donations.
- K. Line 20 Community & Economic: Includes project costs funded by new grants, funding of incentive programs funded by Local Option Sales, etc.
- L. Line 21 General Government: \$140,000 of retirement health savings accounts payouts are budgeted here and then as staff retire, the costs are re-allocated to their home function, so there was a decrease of \$96K in the General Government function. McTV was originally budgeted for \$40,000 to be paid out of the General Fund and Local Option Sales Tax would be transferred in to fund so that was removed.
- M. Line 22 Debt Service: Includes a change in practice of now transferring funds from Enterprises to the Debt Service Fund for all General Obligation bond payments and the Debt Service Fund pays the entire principal, interest, bond fees due, rather than the Enterprise paying the GO bond payments directly.
- N. Line 23 Capital projects: Changes in CIP plan.

- O. Line 25 Business/Enterprise: Changes in CIP plan. No change for Marshalltown Water Works.
- P. Line 27 Transfers out: See separate report. Mostly includes moving various bond funds to complete construction projects. Also, includes a change in practice of now transferring funds from Enterprise Funds to the Debt Service Fund for all General Obligation bond payments. Also includes a transfer of \$230,577 from ARPA to the General Fund to eliminate the deficit.

A revenue report has been provided to show what is included in the different categories and the differences between the adopted and proposed amended budget.

An expense report has been provided to show the difference between the adopted and proposed amended budget. All General Funds and Special Revenue Funds, 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.

The Cash Balances report shows beginning cash by fund, the budgeted net activity for the year, and the projected ending cash balance including Marshalltown Water Works.

The Transfer report shows movement between funds. I highlighted changes from the last Council meeting in yellow. There is a transfer from ARPA to the General Fund of \$230,577 to cover the FY22 General Fund 001 deficit. The transfers to Debt Service is a change in practice. Rather than pay the bond payments directly out of the Enterprise funds for their portion of GO debt, the amount is transferred to the Debt Service fund and paid from there. The transfer of \$288,550 from fund 612 was corrected on the spreadsheet to go to fund 381.

I attached the Marshalltown Water Works Budget for your information as well.

**Budget Impact:** Revenues have increased primarily due to the issuance of bonds, new grants/donations, and expenditures have increased related to those related projects. There has also been increases in workers comp. insurance, property & liability insurance, utilities, gas/diesel, etc. since the original FY22 adopted budget in March 2021.

**Attachment:** PublicHearingNotice for FY22 Budget Amendment  
FY22 Budget Revenue Comparison  
FY22 Budget Expense Comparison  
Cash Balances FY21 thru FY23 updated Feb 28 2022  
Transfers for FY22 Budget Amendment  
Marshalltown Water Works Budget

**cc: Jessica Kinser, City Administrator**