

COUNCIL ACTION FORM

SUBJECT: FINAL AMENDMENT TO FISCAL YEAR 2016/17 ADJUSTED BUDGET

BACKGROUND:

The Code of Iowa requires that city spending by program not exceed Council approved budget amounts at any time during the year. To maintain compliance, the City of Ames monitors spending against the approved budget, and prepares amendments to the budget several times during the fiscal year. In the fall, a first amendment is prepared to carry over unspent project amounts from the prior fiscal year. The current year budget is amended again as part of the adoption process for the next fiscal year's budget in March. A final spring amendment is done to adjust for any significant changes that have occurred since the March amendment. This amendment typically is restricted to the early start of CIP projects approved for the following fiscal year, new grants that have been received and their associated project expenses, and any significant changes in CIP projects, operating expenses, or revenues.

A summary is attached describing the revenue and expenditure changes by fund. The final Fiscal Year 2016/17 budget includes a net decrease in revenues of \$98,402 and a net decrease in expenditures of \$849,036. Please note that most of the increases in the expenditures of some funds is due to grant or developer funded projects and the replacement of fleet equipment for which reserve funds were previously collected, and are not increases in planned costs.

ALTERNATIVES:

1. Adopt a resolution amending the Fiscal Year 2016/17 budget by decreasing revenues by \$98,402 and decreasing expenditures by \$849,036.
2. Refer this item back to staff for additional information or other adjustments to the amendments.

MANAGER'S RECOMMENDED ACTION:

Amending the FY 2016/17 budget better reflects new grant funded projects and significant changes in CIP projects and operations.

Therefore it is recommended that City Council approve Alternative No. 1, thereby adopting a resolution amending the Fiscal Year 2016/17 budget by decreasing revenues by \$98,402 and decreasing expenditures by \$849,036.

CITY OF AMES, IOWA

2016/17

FINAL AMENDMENTS

REVENUE SUMMARY BY FUND

	2016/17 Adjusted	2016/17 Final Changes	2016/17 Final Amended	% Change From Adjusted
General Fund	34,606,137	180,000	34,786,137	0.5%
Special Revenue Funds:				
Local Option Sales Tax	7,841,124	-	7,841,124	0.0%
Hotel/Motel Tax	2,275,008	-	2,275,008	0.0%
Road Use Tax	7,075,800	-	7,075,800	0.0%
Public Safety Special Revenues	70,220	17,500	87,720	24.9%
City-Wide Housing Programs	-	-	-	
CDBG Program	921,779	-	921,779	0.0%
Employee Benefit Property Tax	1,939,284	-	1,939,284	0.0%
Police/Fire Retirement	4,000	-	4,000	0.0%
Parks & Rec Grants/Donations	16,516	-	16,516	0.0%
Library Friends Foundation	210,828	-	210,828	0.0%
Library Grants/Donations	33,000	-	33,000	0.0%
Utility Assistance	16,000	-	16,000	0.0%
Tax Increment Financing (TIF)	245,892	-	245,892	0.0%
	20,649,451	17,500	20,666,951	0.1%
Capital Project Funds:				
Special Assessments	457,082	-	457,082	0.0%
Street Construction	7,323,898	919,092	8,242,990	12.6%
Airport Construction	983,488	-	983,488	0.0%
Park Development	110,000	-	110,000	0.0%
General Obligation Bonds	5,945,000	-	5,945,000	0.0%
	14,819,468	919,092	15,738,560	6.2%
Permanent Funds:				
Cemetery Perpetual Care	13,500	-	13,500	0.0%
Furman Aquatic Center Trust	9,000	-	9,000	0.0%
	22,500	-	22,500	0.0%
Enterprise Funds:				
Water Utility	49,616,244	310,000	49,926,244	0.6%
Sewer Utility	23,417,829	(49,000)	23,368,829	-0.2%
Electric Utility	66,131,635	(1,665,000)	64,466,635	-2.5%
Parking	926,550	(29,889)	896,661	-3.2%
Transit	15,514,876	368,895	15,883,771	2.4%
Storm Sewer Utility	4,397,499	-	4,397,499	0.0%
Ames/ISU Ice Arena	604,666	-	604,666	0.0%
Homewood Golf Course	282,257	-	282,257	0.0%
Resource Recovery	4,277,234	(150,000)	4,127,234	-3.5%
	165,168,790	(1,214,994)	163,953,796	-0.7%

REVENUE SUMMARY BY FUND, continued

	2016/17 Adjusted	2016/17 Final Changes	2016/17 Final Amended	% Change From Adjusted
<i>Debt Service Fund</i>	14,981,704	-	14,981,704	0.0%
<i>Internal Service Funds:</i>				
Fleet Services	4,614,574	-	4,614,574	0.0%
Information Technology	2,362,993	-	2,362,993	0.0%
Risk Management	2,444,306	-	2,444,306	0.0%
Health Insurance	8,497,139	-	8,497,139	0.0%
	17,919,012	-	17,919,012	0.0%
	268,167,062	(98,402)	268,068,660	0.0%

EXPENDITURE SUMMARY BY FUND

	2016/17 Adjusted	2016/17 Final Changes	2016/17 Final Amended	% Change From Adjusted
General Fund	37,408,971	150,000	37,558,971	0.4%
Special Revenue Funds:				
Local Option Sales Tax	11,025,414	37,445	11,062,859	0.3%
Hotel/Motel Tax	2,359,906	-	2,359,906	0.0%
Road Use Tax	10,231,986	-	10,231,986	0.0%
Public Safety Special Revenues	113,389	17,500	130,889	15.4%
City-Wide Housing Programs	48,313	-	48,313	0.0%
CDBG Program	921,579	-	921,579	0.0%
Employee Benefit Property Tax	1,939,284	-	1,939,284	0.0%
Police/Fire Retirement	70,000	-	70,000	0.0%
Parks & Rec Grants/Donations	21,272	-	21,272	0.0%
Library Friends Foundation	269,744	-	269,744	0.0%
Library Grants/Donations	158,504	-	158,504	0.0%
Utility Assistance	17,500	-	17,500	0.0%
Miscellaneous Donations	17,054	-	17,054	0.0%
Developer Projects	55,911	-	55,911	0.0%
Tax Increment Financing (TIF)	623,293	-	623,293	0.0%
	27,873,149	54,945	27,928,094	0.2%
Capital Project Funds:				
Special Assessments	457,082	-	457,082	0.0%
Street Construction	5,705,829	919,092	6,624,921	16.1%
Airport Construction	396,972	-	396,972	0.0%
Park Development	109,643	-	109,643	0.0%
General Obligation Bonds	18,381,727	-	18,381,727	0.0%
	25,051,253	919,092	25,970,345	3.7%
Enterprise Funds:				
Water Utility	49,217,040	322,049	49,539,089	0.7%
Sewer Utility	25,600,329	(8,964)	25,591,365	0.0%
Electric Utility	74,428,621	(2,562,000)	71,866,621	-3.4%
Parking	963,850	(29,889)	933,961	-3.1%
Transit	16,265,619	115,260	16,380,879	0.7%
Storm Sewer Utility	6,768,129	-	6,768,129	0.0%
Ames/ISU Ice Arena	623,336	-	623,336	0.0%
Homewood Golf Course	262,599	-	262,599	0.0%
Resource Recovery	5,053,371	(109,000)	4,944,371	-2.2%
	179,182,894	(2,272,544)	176,910,350	-1.3%
Debt Service Fund	14,539,737	-	14,539,737	0.0%

EXPENDITURE SUMMARY BY FUND, continued

	2016/17 Adjusted	2016/17 Final Changes	2016/17 Final Amended	% Change From Adjusted
<i>Internal Service Funds:</i>				
Fleet Services	5,215,842	119,081	5,334,923	2.3%
Information Technology	3,381,610	30,390	3,412,000	0.9%
Risk Insurance	2,419,844	150,000	2,569,844	6.2%
Health Insurance	8,412,769	-	8,412,769	0.0%
	19,430,065	299,471	19,729,536	1.5%
	303,486,069	(849,036)	302,637,033	-0.3%

FINAL AMENDMENT FUND CHANGES

General Fund

The General Fund's projected revenue has been increased by \$180,000 based on the following:

- Increased building permit revenue \$ 230,000
- Reduced municipal infraction revenue (50,000)

The General Fund's expenses have been increased by \$150,000 to transfer funds from the General Fund's available balance to the Water Utility Fund for the North River Valley Low Head Dam project.

The overall effect of the changes to the General Fund's revenues and expenses is a \$30,000 increase to the projected FY 2016/17 ending fund balance.

Local Option Sales Tax

Expenses in the Local Option Sales Tax Fund have been increased by \$37,445 to cover the payment to the Ames Community School District for the City's share of the Dotson Drive Shared Use Path Expansion project.

Public Safety Special Revenues

Revenues in the Public Safety Special Revenues Fund have been increased by \$17,500 to reflect additional donations that have been received or are expected to be received before the end of the fiscal year.

Expenses have also been increased by \$17,500 for the following projects:

- Increase in Animal Shelter's neutering/spaying program \$10,000
- Ballistic plates for the Emergency Response Team 4,000
- Community Policing training program 1,500
- Purchases using a grant received from Wal-Mart 1,500

All animals at the Ames Animal Shelter are now spayed/neutered before adoption. The additional expenses for this program will be funded through additional donations that have been received at the Ames Animal Shelter. The ballistic plates for the ERT and the training in Community Policing will be paid for using funds donated by the Ames Foundation. The additional revenues and expenses added to the Public Safety Special Revenues Fund will have no effect on the ending fund balance.

Street Construction Fund

Street Construction Fund revenues have been increased by \$919,092. Developer funds for the West Lincoln Way/Franklin Avenue Intersection Improvement project have increased \$592,876, and private funding for the South Duff/WalMart Entryway project has increased \$311,936. Funding of \$14,280 was also received for the Trinitas traffic study.

FINAL AMENDMENT FUND CHANGES

The budgeted expenses for each of the projects has been increased by the same amounts, resulting in no net change on the projected ending fund balance in the Street Construction Fund.

Water Utility Fund

Projected Water Utility revenues have been increased by \$310,000 to reflect the transfer from the General Fund (\$150,000) and the sliding forward of grant funds from FY 2017/18 (\$160,000) for the North River Valley Low Head Dam project.

Expenses in the Water Utility Fund have been increased by \$322,049. Operating expenses in W&PC Administration, Water Plant Operations, Laboratory Services, and Metering have been increased by a total of \$12,049. In CIP, \$460,000 in expenses for the North River Valley Low Head Dam project has been slid forward from FY 2017/18. These expenses offset the transfer from the General Fund balance (\$150,000), the sliding forward of grant funds related to the project (\$160,000), and funding that has been shifted from the Source Water Protection Plan project (\$150,000). Sliding the budget forward to FY 2016/17 will allow for design work to begin on the project this fiscal year.

The net effect of the revenue and expense changes in the Water Utility Fund is a decrease in the fund balance of \$12,049.

Sewer Utility Fund

Compliance with the Sewer Utility's new Fats, Oils, and Grease (FOG) program has been higher than anticipated, resulting in fewer surcharges to customer accounts. Because of this, estimated FOG surcharge revenue has been decreased by \$49,000.

Expenses in the Sewer Utility Fund are being decreased by \$8,964 due to the following changes:

- Increase in Laboratory operations \$ 5,850
- Decrease in WPC facility operations (18,864)
- Increase in Metering operations 4,050

Savings in several WPC CIP projects were also shifted to other CIP projects, with no overall change to projected CIP expenses. The net effect of the changes to the Sewer Utility Fund's revenues and expenses is a projected decrease in the fund balance of \$40,036.

Electric Utility Fund

Projected Electric Utility revenues have been decreased by \$1,665,000. Metered sales revenue has been decreased by \$2,000,000 to better reflect current revenue trends; this reduction has been partially offset by increases in other revenue categories, such as MEC zonal transmissions, MISO transmission sales, and the sale of energy credits.

FINAL AMENDMENT FUND CHANGES

Electric Utility expenses have been reduced by \$2,562,000 in the following categories:

- Decrease in Fuel and Purchased Powers costs \$(2,995,000)
- Decrease in other operating costs (193,000)
- Increase in Demand Side Management funding 300,000
- Settlement with NDA Farms 380,000
- Savings in completed CIP projects (54,000)

The net effect of the changes to the Electric Utility Fund's revenues and expenses is a projected increase to the fund balance of \$897,000.

Parking

Due to the retirement of the Parking Enforcement Officer in the Spring of 2017, parking revenue is projected to be lower for the last three months of the fiscal year. Projected revenues have been decreased by \$29,889, which includes \$14,646 in illegal parking and \$15,243 in overtime parking.

To offset the revenue loss created by the retirement of the Parking Enforcement Officer, salary savings of \$29,889 have also been used to reduce Parking expenses, resulting in no change to the projected ending balance in the Parking Fund.

Transit

Transit revenues have been increased by \$368,895, largely due to transfers approved by the Transit Board from the Transit Student Government Trust Fund to Transit Operations (\$286,758), and a transfer from Transit Operations to the Transit Student Government Student Trust (\$83,579).

Expenses in the Transit Fund have been increased by \$115,260. Transit Operations are projected to have expense savings of \$141,933, largely due to fuel cost savings. The Transit Student Government Student Trust's expenses have been increased by \$286,758 for the transfer to Transit Operations, and expenses for CIP projects in the Transit Capital Reserve Fund have been reduced by \$29,565.

The net effect of the changes to Transit's revenues and expenses is a projected increase to the fund balance of \$253,635.

Resource Recovery

Resource Recovery revenues have been decreased by \$150,000. The reductions have been made in Commercial Accounts (\$100,000) and the sale of RDF to the Electric Utility (\$50,000).

FINAL AMENDMENT FUND CHANGES

Expenses have been reduced by \$109,000 in multiple categories. The net effect on Resource Recovery's fund balance is a projected decrease of \$41,000.

Fleet Services

Expenses in the Fleet Services Fund have been increased by \$119,081 due to the purchase of four roll off containers for Resource Recovery (\$30,000), an additional mower for the airport (\$12,800), an additional mower for Parks and Recreation (\$1,600), and higher costs for several budgeted equipment replacements (\$74,681).

Information Technology

Computer replacement expenses have been increased by \$30,390 for the replacement of two Library servers (\$23,784), and a camera PC and eight Library staff computers (\$6,606).

Risk Management

Risk Management expenses have been increased by \$150,000 due to a large Workers Compensation claim.

**NOTICE OF PUBLIC HEARING
AMENDMENT OF FY2016-2017 CITY BUDGET**

Form 653.C1

The City Council of Ames in STORY County, Iowa
will meet at City Hall, 515 Clark Avenue, Ames, IA
at 6:00 PM on 5/23/2017
(hour) (Date)

,for the purpose of amending the current budget of the city for the fiscal year ending June 30, 2017
(year)

by changing estimates of revenue and expenditure appropriations in the following programs for the reasons given. Additional detail is available at the city clerk's office showing revenues and expenditures by fund type and by activity.

		Total Budget as certified or last amended	Current Amendment	Total Budget after Current Amendment
Revenues & Other Financing Sources				
Taxes Levied on Property	1	26,989,155	0	26,989,155
Less: Uncollected Property Taxes-Levy Year	2	0	0	0
Net Current Property Taxes	3	26,989,155	0	26,989,155
Delinquent Property Taxes	4	0	0	0
TIF Revenues	5	245,892	0	245,892
Other City Taxes	6	10,059,368	0	10,059,368
Licenses & Permits	7	1,600,097	230,000	1,830,097
Use of Money and Property	8	10,852,639	0	10,852,639
Intergovernmental	9	32,100,669	0	32,100,669
Charges for Services	10	279,294,167	-1,895,331	277,398,836
Special Assessments	11	457,082	0	457,082
Miscellaneous	12	7,253,998	874,592	8,128,590
Other Financing Sources	13	61,368,773	172,000	61,540,773
Transfers In	14	16,700,480	150,000	16,850,480
Total Revenues and Other Sources	15	446,922,320	-468,739	446,453,581
Expenditures & Other Financing Uses				
Public Safety	16	18,816,054	17,500	18,833,554
Public Works	17	5,591,821	0	5,591,821
Health and Social Services	18	1,376,171	0	1,376,171
Culture and Recreation	19	8,658,603	0	8,658,603
Community and Economic Development	20	4,395,467	0	4,395,467
General Government	21	2,898,895	0	2,898,895
Debt Service	22	14,539,737	0	14,539,737
Capital Projects	23	35,506,841	956,537	36,463,378
Total Government Activities Expenditures	24	91,783,589	974,037	92,757,626
Business Type / Enterprises	25	339,356,313	-2,343,410	337,012,903
Total Gov Activities & Business Expenditures	26	431,139,902	-1,369,373	429,770,529
Transfers Out	27	16,700,480	150,000	16,850,480
Total Expenditures/Transfers Out	28	447,840,382	-1,219,373	446,621,009
Excess Revenues & Other Sources Over (Under) Expenditures/Transfers Out for Fiscal Year	29	-918,062	750,634	-167,428
Beginning Fund Balance July 1	30	646,675,950	0	646,675,950
Ending Fund Balance June 30	31	645,757,888	750,634	646,508,522

Explanation of increases or decreases in revenue estimates, appropriations, or available cash:

This is the Council-approved amendment per the City Manager's recommendation.

There will be no increase in tax levies to be paid in the current fiscal year named above. Any increase in expenditures set out above will be met from the increased non-property tax revenues and cash balances not budgeted or considered in this current budget. This will provide for a balanced budget.

Diane R. Voss
City Clerk/Finance Officer