

**COUNCIL ACTION FORM**

**SUBJECT: FINAL AMENDMENT TO FISCAL YEAR 2017/18 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 2017/18 budget includes a net increase in revenues of \$1,420,078 and a net increase in expenditures of \$410,351. Please note that most of the increases in the expenditures of some funds are 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 2017/18 budget by increasing revenues by \$1,420,078 and increasing expenditures by \$410,351.
2. Refer this item back to staff for additional information or other adjustments to the amendments.

**MANAGER'S RECOMMENDED ACTION:**

**Amending the FY 2017/18 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 2017/18 budget by increasing revenues by \$1,420,078 and increasing expenditures by \$410,351.

**CITY OF AMES, IOWA**

**2017/18**

**FINAL AMENDMENTS**

## REVENUE SUMMARY BY FUND

	2017/18 Adjusted	2017/18 Final Changes	2017/18 Final Amended	% Change From Adjusted
<b>General Fund</b>	35,813,896	-	35,813,896	0.0%
<b>Special Revenue Funds:</b>				
Local Option Sales Tax	7,818,562	-	7,818,562	0.0%
Hotel/Motel Tax	2,400,000	-	2,400,000	0.0%
Road Use Tax	7,105,282	-	7,105,282	0.0%
Public Safety Special Revenues	71,200	-	71,200	0.0%
City-Wide Housing Programs	-	-	-	
CDBG Program	1,211,996	-	1,211,996	0.0%
Employee Benefit Property Tax	2,030,326	-	2,030,326	0.0%
Police/Fire Retirement	4,000	-	4,000	0.0%
Parks & Rec Grants/Donations	21,730	-	21,730	0.0%
Library Friends Foundation	267,061	-	267,061	0.0%
Library Future Needs	-	178,526	178,526	
Library Grants/Donations	40,746	-	40,746	0.0%
Utility Assistance	15,000	-	15,000	0.0%
Tax Increment Financing (TIF)	671,076	-	671,076	0.0%
	21,656,979	178,526	21,835,505	0.8%
<b>Capital Project Funds:</b>				
Special Assessments	489,335	-	489,335	0.0%
Street Construction	12,504,143	78,910	12,583,053	0.6%
Airport Construction	211,431	264,596	476,027	125.2%
Park Development	110,000	-	110,000	0.0%
General Obligation Bonds	7,521,000	-	7,521,000	0.0%
	20,835,909	343,506	21,179,415	1.7%
<b>Permanent Funds:</b>				
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%
<b>Enterprise Funds:</b>				
Water Utility	25,793,285	484,510	26,277,795	1.9%
Sewer Utility	18,187,579	147,262	18,334,841	0.8%
Electric Utility	68,241,146	489,375	68,730,521	0.7%
Parking	877,810	-	877,810	0.0%
Transit	14,473,771	-	14,473,771	0.0%
Storm Water Utility	4,062,763	(205,222)	3,857,541	-5.1%
Ames/ISU Ice Arena	606,989	-	606,989	0.0%
Homewood Golf Course	276,896	-	276,896	0.0%
Resource Recovery	4,084,252	(130,000)	3,954,252	-3.2%
	136,604,491	785,925	137,390,416	0.6%

## REVENUE SUMMARY BY FUND, continued

	2017/18 Adjusted	2017/18 Final Changes	2017/18 Final Amended	% Change From Adjusted
<b><i>Debt Service Fund</i></b>	15,785,561	75,684	15,861,245	0.5%
<b><i>Internal Service Funds:</i></b>				
Fleet Services	4,369,137	4,350	4,373,487	0.1%
Information Technology	2,513,991	32,087	2,546,078	1.3%
Risk Management	2,483,826	-	2,483,826	0.0%
Health Insurance	8,649,810	-	8,649,810	0.0%
	18,016,764	36,437	18,053,201	0.2%
	248,736,100	1,420,078	250,156,178	0.6%

## EXPENDITURE SUMMARY BY FUND

	2017/18 Adjusted	2017/18 Final Changes	2017/18 Final Amended	% Change From Adjusted
<b>General Fund</b>	38,876,825	1,100	38,877,925	0.0%
<b>Special Revenue Funds:</b>				
Local Option Sales Tax	11,375,487	-	11,375,487	0.0%
Hotel/Motel Tax	2,224,942	-	2,224,942	0.0%
Road Use Tax	11,025,703	5,125	11,030,828	0.1%
Public Safety Special Revenues	98,850	-	98,850	0.0%
City-Wide Housing Programs	52,963	-	52,963	0.0%
CDBG Program	1,124,398	-	1,124,398	0.0%
Employee Benefit Property Tax	2,030,326	-	2,030,326	0.0%
Police/Fire Retirement	40,000	-	40,000	0.0%
Parks & Rec Grants/Donations	12,938	-	12,938	0.0%
Library Friends Foundation	296,753	31,283	328,036	10.5%
Library Future Needs	-	-	-	
Library Grants/Donations	114,405	180,818	295,223	158.1%
Utility Assistance	15,000	-	15,000	0.0%
Miscellaneous Donations	8,450	-	8,450	0.0%
Developer Projects	26,817	-	26,817	0.0%
Tax Increment Financing (TIF)	647,052	-	647,052	0.0%
	29,094,084	217,226	29,311,310	0.8%
<b>Capital Project Funds:</b>				
Special Assessments	489,335	-	489,335	0.0%
Street Construction	10,660,035	78,910	10,738,945	0.7%
Airport Construction	166,000	12,371	178,371	7.5%
Park Development	139,720	-	139,720	0.0%
General Obligation Bonds	18,625,498	75,684	18,701,182	0.4%
	30,080,588	166,965	30,247,553	0.6%
<b>Enterprise Funds:</b>				
Water Utility	31,045,790	30,401	31,076,191	0.1%
Sewer Utility	20,045,988	(3,876)	20,042,112	0.0%
Electric Utility	75,037,964	378,359	75,416,323	0.5%
Parking	1,024,796	15,000	1,039,796	1.5%
Transit	14,888,920	-	14,888,920	0.0%
Storm Water Utility	6,392,884	(302,614)	6,090,270	-4.7%
Ames/ISU Ice Arena	623,122	-	623,122	0.0%
Homewood Golf Course	259,560	-	259,560	0.0%
Resource Recovery	5,094,128	(208,875)	4,885,253	-4.1%
	154,413,152	(91,605)	154,321,547	-0.1%
<b>Debt Service Fund</b>	16,052,166	-	16,052,166	0.0%

## EXPENDITURE SUMMARY BY FUND, continued

	2017/18 Adjusted	2017/18 Final Changes	2017/18 Final Amended	% Change From Adjusted
<b><i>Internal Service Funds:</i></b>				
Fleet Services	4,908,912	37,800	4,946,712	0.8%
Information Technology	3,481,260	78,865	3,560,125	2.3%
Risk Insurance	2,445,273	-	2,445,273	0.0%
Health Insurance	8,383,705	-	8,383,705	0.0%
	19,219,150	116,665	19,335,815	0.6%
	287,735,965	410,351	288,146,316	0.1%

## FINAL AMENDMENT FUND CHANGES

### General Fund

The General Fund's expenses have been increased by \$1,100 to provide additional funds to Animal Control for the trapping and removal of beavers from residential areas.

### Local Option Sales Tax

Savings of \$42,684 from three Parks and Recreation CIP projects (Ada Hayden Prairie Restoration, \$22,865; River Valley Park Baseball Field Removal, \$12,669; and River Valley Park Softball Field Renovations, \$7,150) have been transferred to the Water Utility Fund for the North River Valley Low Head Dam project. The change from budgeted expenses to a transfer will not affect the Local Option Sales Tax Fund's projected balance.

### Road Use Tax

Road Use Tax expenses have been increased by \$5,125 for this fund's share of expenses added to Public Works Administration's operating budget. The additions include the new citizen reporting app, website updates, and funds for CIP project development.

### Library Special Revenue Funds

A new fund, Library Future Needs, has been set up for the bequest and donation funds remaining from the Library Renovation project. These funds (\$178,526) are being transferred from the current Library Donations and Grants Fund and will, along with future bequests and donations earmarked for a similar purpose, be held in the new fund for future large Library projects.

Funding of \$33,575 has also been added for the digitization of microfilm reels of past issues of the Ames Tribune. This project will be funded through the Library Friends Foundation (\$31,283) and other donations (\$2,292).

### Street Construction Fund

Street Construction Fund revenues have been increased by \$78,910 to reflect IDOT funding for the Accessibility Enhancements program (\$5,000), additional developer funding for the West Lincoln Way Intersection Improvements project (\$65,340), and additional MPO funding for the 2015/16 Arterial Streets/13<sup>th</sup> Street project (\$8,570). The budgeted expenses for the projects have also been increased by the same amounts, resulting in no net change on the projected ending fund balance in the Street Construction Fund.

### Airport Construction Fund

Airport Construction Fund revenues have been increased by \$264,596 to reflect the final grant and outside funding received for the Airport Terminal project. The revenue increases consist of FAA funding (\$102,225), state grant funds (\$150,000), and a reimbursement from the FBO for furniture purchased at their request (\$12,371).

Expenses for the project have been increased by \$12,371 to reflect the FBO furniture purchase. The net effect on the Airport Construction Fund's balance is an increase of \$252,225.

## **FINAL AMENDMENT FUND CHANGES**

### **G.O. Bond Funds**

Bond fund expenses have been increased by \$75,684 to reflect the transfer of the remaining funds to close the 2012 and 2013 G.O. bond issue funds. The balance in each fund has been transferred to the Debt Service fund.

Unallocated project funds remaining in the 2015 G.O. bond issue have also been re-allocated to the Airport Terminal project (\$65,000) and Seal Coat Pavement Improvements (\$75,000).

### **Water Utility Fund**

Projected Water Utility revenues have been increased by \$484,510. Of this total, \$468,226 relates to updated projections in metered charges, contract sales, and interest revenue. The remaining \$16,284 reflects changes in funding for the North River Valley Low Head Dam project. An additional \$42,684 in Parks and Recreation CIP project savings is being transferred from Local Option Sales. Projected donations and in-kind revenues have been reduced by \$26,400 to match the Council Action Form presented to City Council on April 10, 2018.

Expenses in the Water Utility Fund have been increased by \$16,275 to reflect changes to the budget for the North River Valley Low Head Dam project. Additional funding of \$74,000 has been shifted from the Ada Hayden Water Quality project (\$24,000) and the Source Water Protection Plan project (\$50,000). An additional transfer of \$42,684 from Parks and Recreation CIP savings in Local Option Sales Tax has been made, as well as a reduction in the budget to reflect the expenses funded through grants, donations, and in-kind services (\$26,409).

The Water Utility Fund's operating expenses have also been increased by \$14,126. The additional expenses include the Water Utility Fund's share of HVAC repairs and landscaping at the Technical Services Complex (TSC) and the Public Works citizen reporting app.

The net effect of the revenue and expense changes in the Water Utility Fund is a projected increase in the fund balance of \$454,109.

### **Sewer Utility Fund**

Sewer Utility revenues have been increased by \$147,262 to reflect updated projections in metered charges, contract charges, and interest revenue.

Operating expenses have been reduced by \$3,876, resulting in a projected net increase to the fund balance of \$151,138.

### **Electric Utility Fund**

Projected Electric Utility revenues have been increased by \$489,375. While MEC zonal transmission revenue has been decreased by \$600,000 to better reflect current revenue trends, this reduction has been more than offset by increases in other revenue categories, such as BP Canada gas sales and interest revenue.



## FINAL AMENDMENT FUND CHANGES

Electric Utility CIP funding has been shifted between the following projects for no net increase or decrease:

• Top-O-Hollow Substation Reconstruction	\$1,467,562
• Electric Distribution Roof	7,130
• 69 kV Transmission Reconstruction	(800,000)
• 69 kV Switchyard Relay/Controls	(341,123)
• Street Light LED Retrofits	(271,843)
• Unit 7 Crane Repair	(61,726)

Additional funding of \$300,000 has been added to the budget for Electric's Demand Side Management (DSM) program to cover the projected expenses for 2017/18.

Operating expenses in Electric Services have also been increased by \$78,359 for additional consulting and advertising for the SunSmart program (\$47,400), an electric vehicle charging station at Bandshell Park (\$18,872), improvements to Electric Service's computer network (\$32,087), and to cover a shortfall in fleet replacement funds available to purchase a maintenance vehicle at the Power Plant (\$4,350). The Power Plant's operating costs were reduced by \$24,350 to partially offset the expense increase.

The net effect of the changes to the Electric Utility Fund's revenues and expenses is a projected increase to the fund balance of \$111,016.

### Transit Fund

Transit Fund expenses have been increased by \$15,000 to cover the cost of additional consulting work to be done for CyRide's compliance with the Affordable Care Act.

### Storm Water Utility Fund

The Storm Water Utility's revenues have been decreased by \$205,222 to reflect budgeted FEMA grant funds that weren't needed for the Squaw Creek Water Main Protection project.

Projected expenses in the Storm Water Utility Fund have been decreased by \$302,614 to reflect completed projects: Squaw Creek Water Main Protection (\$240,863), 2014/15 Low Point Drainage (\$10,855), and 2015/16 Low Point Drainage (\$50,896).

The net effect of the changes to the Storm Water Utility's revenues and expenses is a projected increase to the fund balance of \$97,392.

### Resource Recovery

Resource Recovery revenues have been decreased by \$130,000 to reflect updated projections in the sale of Resource Derived Fuel (RDF) to the Electric Utility. To offset the revenue decrease, expenses have also been reduced by \$208,875 in multiple categories. The net effect on Resource Recovery's fund balance is a projected increase of \$78,875.

## **FINAL AMENDMENT FUND CHANGES**

### **Debt Service**

The transfers to close the 2012 and 2013 G.O. bond issue funds have increased the projected fund balance in the Debt Services Fund by \$75,684.

### **Fleet Services**

Fleet Service's revenues have been increased by \$4,350 to reflect funds being transferred from Electric Services to cover a shortfall in fleet replacement funds being used to replace a maintenance vehicle at the Power Plant.

Expenses in the Fleet Services Fund have been increased by \$37,800 for the purchase of the Power Plant maintenance vehicle (\$28,000), and to refurbish one of the City's brine tanks (\$9,800).

### **Information Technology**

Information Technology's revenues have been increased by \$32,087 to reflect a transfer from Electric Services for their share of network improvements being made by Information Technology.

Expenses have been increased by \$78,865 for laptop mounts for new Police squad vehicles (\$22,000), network improvements at Electric Services (\$47,087), and a robot schedule enterprise for the financial server (\$9,778).

**NOTICE OF PUBLIC HEARING  
AMENDMENT OF FY2017-2018 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 5/22/2018  
*(hour)* *(Date)*

for the purpose of amending the current budget of the city for the fiscal year ending June 30, 2018  
*(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
<b>Revenues &amp; Other Financing Sources</b>				
Taxes Levied on Property	1	28,067,952	0	28,067,952
Less: Uncollected Property Taxes-Levy Year	2	0	0	0
Net Current Property Taxes	3	28,067,952	0	28,067,952
Delinquent Property Taxes	4	0	0	0
TIF Revenues	5	671,076	0	671,076
Other City Taxes	6	10,162,618	0	10,162,618
Licenses & Permits	7	1,573,628	0	1,573,628
Use of Money and Property	8	10,852,137	415,859	11,267,996
Intergovernmental	9	34,745,786	60,573	34,806,359
Charges for Services	10	288,184,220	-253,971	287,930,249
Special Assessments	11	489,335	0	489,335
Miscellaneous	12	6,725,916	849,411	7,575,327
Other Financing Sources	13	30,649,627	14,875	30,664,502
Transfers In	14	16,248,276	296,894	16,545,170
Total Revenues and Other Sources	15	426,370,571	1,383,641	429,754,212
<b>Expenditures &amp; Other Financing Uses</b>				
Public Safety	16	19,411,783	1,100	19,412,883
Public Works	17	5,995,145	5,125	6,000,270
Health and Social Services	18	1,376,394	0	1,376,394
Culture and Recreation	19	8,916,787	33,575	8,950,362
Community and Economic Development	20	4,750,966	0	4,750,966
General Government	21	2,881,502	0	2,881,502
Debt Service	22	16,052,166	0	16,052,166
Capital Projects	23	41,702,017	48,597	41,750,614
Total Government Activities Expenditures	24	101,086,760	88,397	101,175,157
Business Type / Enterprises	25	318,965,960	-11,377	318,954,583
Total Gov Activities & Business Expenditures	26	420,052,720	77,020	420,129,740
Transfers Out	27	16,248,276	296,894	16,545,170
Total Expenditures/Transfers Out	28	436,300,996	373,914	436,674,910
Excess Revenues & Other Sources Over (Under) Expenditures/Transfers Out for Fiscal Year	29	-7,930,425	1,009,727	-6,920,698
Beginning Fund Balance July 1	30	662,663,780	0	662,663,780
Ending Fund Balance June 30	31	654,733,355	1,009,727	655,743,082

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