

COUNCIL ACTION FORM

SUBJECT: FINAL AMENDMENT TO FISCAL YEAR 2021/22 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 2021/22 budget includes a net increase in revenues of \$3,210,072 and a net increase in expenditures of \$534,537. The revenue increase is largely due to the addition to the budget of the proceeds from the Airport's sale of the former VisionAire hangar to Sigler. It should be noted that most of the increases in expenditures are due to grant funded projects, the early start of CIP projects funded in FY 2022/23, or the replacement of fleet and technology equipment for which reserve funds were previously collected and, therefore, are not increases in planned costs. Several of the increases in both revenues and expenditures are also related to the creation of separate operating and capital reserve funds for the Ames Municipal Airport.

ALTERNATIVES:

1. Adopt a resolution amending the Fiscal Year 2021/22 budget by increasing revenues by \$3,210,072 and increasing expenditures by \$534,537.
2. Refer this item back to staff for additional information or other adjustments to the amendments.

MANAGER'S RECOMMENDED ACTION:

Amending the FY 2021/22 budget better reflects new grant funded projects and significant changes in CIP projects and operations. It also provides an opportunity

to create new funds to better track operations and reserve funds for the Ames Municipal Airport.

Therefore, it is recommended that City Council approve Alternative No. 1, thereby adopting a resolution amending the Fiscal Year 2021/22 budget by increasing revenues by \$3,210,072 and increasing expenditures by \$534,537.

CITY OF AMES, IOWA

2021/22

FINAL AMENDMENTS

REVENUE SUMMARY BY FUND

	2021/22 Adjusted	2021/22 Final Changes	2021/22 Final Amended	% Change Change from Adjusted
<i>General Fund</i>	41,622,246	(379,450)	41,242,796	-0.9%
<i>Special Revenue Funds:</i>				
Local Option Sales Tax	11,346,043	-	11,346,043	0.0%
Hotel/Motel Tax	2,000,000	-	2,000,000	0.0%
Road Use Tax	8,336,588	-	8,336,588	0.0%
Public Safety Special Revenues	97,235	(16,000)	81,235	-16.5%
City-Wide Housing Programs	-	-	-	
CDBG Program	1,025,699	-	1,025,699	0.0%
HOME Program	2,010,737	-	2,010,737	0.0%
CDBG/IEDA COVID-19 Relief	835,256	-	835,256	0.0%
HOME American Rescue Plan	1,269,248	-	1,269,248	0.0%
Employee Benefit Property Tax	2,400,125	-	2,400,125	0.0%
Police/Fire Retirement	1,500	-	1,500	0.0%
Parks & Rec Grants/Donations	37,967	-	37,967	0.0%
FEMA/COVID-19 Relief	135,553	-	135,553	0.0%
FEMA/Derecho 2020 Relief	1,364,312	-	1,364,312	0.0%
American Rescue Plan	7,128,811	-	7,128,811	0.0%
Library Grants/Donations	354,790	-	354,790	0.0%
Utility Assistance	15,500	-	15,500	0.0%
Miscellaneous Donations	60,000	-	60,000	0.0%
Developer Projects	-	-	-	
Economic Development	28,032	-	28,032	
Tax Increment Financing (TIF)	1,923,072	-	1,923,072	0.0%
<i>Total Special Revenue Funds</i>	40,370,468	(16,000)	40,354,468	0.0%
<i>Capital Project Funds:</i>				
Special Assessments	318,313	-	318,313	0.0%
Street Construction	15,713,898	10,370	15,724,268	0.1%
Airport Construction	747,988	(747,988)	0	-100.0%
Park Development	324,791	-	324,791	0.0%
Winakor Donation	20,000	-	20,000	0.0%
Council Priorities	1,210,000	-	1,210,000	0.0%
General Obligation Bonds	11,133,972	-	11,133,972	0.0%
<i>Total Capital Project Funds</i>	29,468,962	(737,618)	28,731,344	-2.5%

REVENUE SUMMARY BY FUND, continued

	2021/22 Adjusted	2021/22 Final Changes	2021/22 Final Amended	Percentage Change from Adjusted
<i>Permanent Funds:</i>				
Cemetery Perpetual Care	22,893	-	22,893	0.0%
Furman Aquatic Center Trust	10,000	-	10,000	0.0%
<i>Total Permanent Funds</i>	<u>32,893</u>	<u>-</u>	<u>32,893</u>	<u>0.0%</u>
<i>Enterprise Funds:</i>				
Airport Operations	-	467,115	467,115	
Airport Capital Reserve	-	3,774,327	3,774,327	
Water Utility	14,701,148	-	14,701,148	0.0%
Water Construction	4,681,944	-	4,681,944	0.0%
Water Sinking	3,735,617	-	3,735,617	0.0%
Sewer Utility	9,661,100	-	9,661,100	0.0%
Sewer Improvements	12,579,332	-	12,579,332	0.0%
Sewer Sinking	540,547	-	540,547	0.0%
Electric Utility	68,878,629	(21,069)	68,857,560	0.0%
Electric Sinking	966,327	-	966,327	0.0%
Electric SunSmart	174,000	-	174,000	0.0%
Parking Operations	870,219	-	870,219	0.0%
Parking Capital Reserve	546,000	-	546,000	0.0%
Transit Operations	17,003,245	-	17,003,245	0.0%
Transit Student Govt Trust	6,000	-	6,000	0.0%
Transit Capital Reserve	15,138,383	101,961	15,240,344	0.7%
Stormwater Utility	1,917,087	-	1,917,087	0.0%
Stormwater Improvements	4,676,470	-	4,676,470	0.0%
Ames/ISU Ice Arena	497,664	10,005	507,669	2.0%
Ice Arena Capital Reserve	41,000	-	41,000	0.0%
Homewood Golf Course	310,203	-	310,203	0.0%
Resource Recovery	4,572,450	-	4,572,450	0.0%
<i>Total Enterprise Funds:</i>	<u>161,497,365</u>	<u>4,332,339</u>	<u>165,829,704</u>	<u>2.7%</u>
<i>Debt Service Fund</i>	<u>24,060,318</u>	<u>-</u>	<u>24,060,318</u>	<u>0.0%</u>

REVENUE SUMMARY BY FUND, continued

	2021/22 Adjusted	2021/22 Final Changes	2021/22 Final Amended	Percentage Change from Adjusted
<i>Internal Service Funds:</i>				
Fleet Services	2,386,515	-	2,386,515	0.0%
Fleet Replacement Reserve	2,164,033	10,801	2,174,834	0.5%
Fleet Services Reserve	206,470	-	206,470	
Information Technology	2,064,979	-	2,064,979	0.0%
Technology Replacement Reserve	372,024	-	372,024	0.0%
Shared Communications	267,412	-	267,412	0.0%
Information Technology Reserve	138,000	-	138,000	
Print Shop Services	116,138	-	116,138	
Messenger Service	103,671	-	103,671	
Risk Management	2,809,380	-	2,809,380	0.0%
Health Insurance	10,204,453	-	10,204,453	0.0%
<i>Total Internal Service Funds:</i>	20,833,075	10,801	20,843,876	0.1%
<i>Total Revenues</i>	317,885,327	3,210,072	321,095,399	1.0%

EXPENDITURE SUMMARY BY FUND

	2021/22 Adjusted	2021/22 Final Changes	2021/22 Final Amended	Percentage Change from Adjusted
<i>General Fund</i>	46,950,067	(381,971)	46,568,096	-0.8%
<i>Special Revenue Funds:</i>				
Local Option Sales Tax	15,474,349	1,793	15,476,142	0.0%
Hotel/Motel Tax	2,331,517	-	2,331,517	0.0%
Road Use Tax	11,643,013	(74,910)	11,568,103	-0.6%
Public Safety Special Revenues	116,740	-	116,740	0.0%
City-Wide Housing Programs	24,249	-	24,249	0.0%
CDBG Program	984,324	-	984,324	0.0%
HOME Program	2,010,737	-	2,010,737	0.0%
CDBG/IEDA COVID-19 Relief	835,256	-	835,256	0.0%
HOME American Rescue Plan	1,269,248	-	1,269,248	0.0%
Employee Benefit Property Tax	2,400,125	-	2,400,125	0.0%
Police/Fire Retirement	95,000	-	95,000	0.0%
Parks & Rec Grants/Donations	252,209	-	252,209	0.0%
FEMA/COVID-19 Relief	-	-	-	
FEMA/Derecho 2020 Relief	35,558	-	35,558	0.0%
American Rescue Plan	1,150,000	-	1,150,000	0.0%
Library Grants/Donations	389,483	-	389,483	0.0%
Utility Assistance	15,500	-	15,500	0.0%
Miscellaneous Donations	70,026	-	70,026	0.0%
Developer Projects	-	-	-	
Economic Development	28,032	-	28,032	0.0%
Tax Increment Financing (TIF)	1,029,733	-	1,029,733	0.0%
<i>Total Special Revenue Funds:</i>	40,155,099	(73,117)	40,081,982	-0.2%
<i>Capital Project Funds:</i>				
Special Assessments	318,313	-	318,313	0.0%
Street Construction	10,751,032	10,370	10,761,402	0.1%
Airport Construction	450,432	(289,720)	160,712	-64.3%
Park Development	164,187	-	164,187	0.0%
Winakor Donation	655,500	-	655,500	
Council Priorities	200,000	-	200,000	
General Obligation Bonds	31,266,185	-	31,266,185	0.0%
<i>Total Capital Project Funds:</i>	43,805,649	(279,350)	43,526,299	-0.6%

EXPENDITURE SUMMARY BY FUND, continued

	2021/22 Adjusted	2021/22 Final Changes	2021/22 Final Amended	Percentage Change from Adjusted
<i>Permanent Funds:</i>				
Cemetery Perpetual Care	-	-	-	
Furman Aquatic Center Trust	65,000	25,000	90,000	38.5%
<i>Total Permanent Funds:</i>	65,000	25,000	90,000	38.5%
<i>Enterprise Funds:</i>				
Airport Operations	-	453,221	453,221	
Airport Capital Reserve	-	465,522	465,522	
Water Utility	20,628,632	(14,729)	20,613,903	-0.1%
Water Construction	1,794,060	-	1,794,060	0.0%
Water Sinking	3,736,260	-	3,736,260	0.0%
Sewer Utility	14,321,581	25,000	14,346,581	0.2%
Sewer Improvements	5,106,931	-	5,106,931	0.0%
Sewer Sinking	540,493	-	540,493	0.0%
Electric Utility	86,124,836	(21,069)	86,103,767	0.0%
Electric Sinking	966,306	-	966,306	0.0%
Electric SunSmart	181,000	-	181,000	0.0%
Parking Operations	1,126,274	-	1,126,274	0.0%
Parking Capital Reserve	-	-	-	
Transit Operations	17,830,126	101,961	17,932,087	0.6%
Transit Student Govt Trust	462,745	-	462,745	
Transit Capital Reserve	13,295,823	101,961	13,397,784	0.8%
Stormwater Utility	6,046,149	-	6,046,149	0.0%
Stormwater Improvements	4,676,470	-	4,676,470	0.0%
Ames/ISU Ice Arena	427,771	7,808	435,579	1.8%
Ice Arena Capital Reserve	36,046	-	36,046	0.0%
Homewood Golf Course	296,795	-	296,795	0.0%
Resource Recovery	5,029,270	-	5,029,270	0.0%
<i>Total Enterprise Funds:</i>	182,627,568	1,119,675	183,747,243	0.6%
<i>Debt Service Fund</i>	22,565,850	-	22,565,850	0.0%

EXPENDITURE SUMMARY BY FUND, continued

	2021/22 Adjusted	2021/22 Final Changes	2021/22 Final Amended	Percentage Change from Adjusted
<i>Internal Service Funds:</i>				
Fleet Services	2,386,515	-	2,386,515	0.0%
Fleet Replacement Reserve	2,316,428	79,300	2,395,728	3.4%
Fleet Services Reserve	453,357	-	453,357	
Information Technology	2,064,979	-	2,064,979	0.0%
Technology Replacement Reserve	217,800	45,000	262,800	20.7%
Shared Communications	267,412	-	267,412	0.0%
Information Technology Reserve	210,716	-	210,716	
Print Shop Services	116,138	-	116,138	
Messenger Service	103,671	-	103,671	
Risk Insurance	2,620,409	-	2,620,409	0.0%
Health Insurance	10,563,174	-	10,563,174	0.0%
<i>Total Internal Service Funds:</i>	21,320,599	124,300	21,444,899	0.6%
<i>Total Expenditures</i>	357,489,832	534,537	358,024,369	0.2%

FINAL AMENDMENT FUND CHANGES

General Fund

General Fund revenues have been decreased by \$379,450. Of this total, \$430,650 is the result of moving the Airport to an Enterprise fund. In addition, total Police revenues increased by \$16,000 and total Parks and Recreation revenues increased by \$35,200. Parks and Recreation is amending revenues to reflect program participation, and increased rentals for the Community Center, Auditorium, and Bandshell.

In addition, General Fund budget expenditures will decrease by \$381,971. This total includes moving Airport transfers of \$138,007 and Airport operations of \$334,657 to the newly established Airport Enterprise fund. Minor expenditure increases have been added to the City Clerk, Public Safety, and Public Works Street budgets. The Fire Station 2 relocation site testing is an expense increase of \$30,000. In total, Animal Control salaries and benefit expenses will increase by \$41,020 to cover additional hours, overtime, and benefits. Police salaries will be decreased by \$41,020 to offset the Animal Control expenditure increases. Parks and Recreation expenditure increases of \$35,200 consist of minor repairs, program adjustments, weight room equipment repairs, and \$21,000 for prior project work.

The overall effect of final amendments on the 2021/22 projected General Fund ending balance is an increase of \$2,521.

Local Option Sales Tax

Local Option Sales Tax expenses have increased by \$1,793. CIP project savings of \$54,783 from the Homewood Shared Use Path and Furman Splash Pool Play Structure will be reallocated to the following CIP projects: Furman Basin Painting, Furman Splash Pool Play Structure, McCarthy Lee Pickleball Courts, McCarthy Lee Bridge, and the Inis Grove Shared Use Path. In addition, CIP funding of \$1,793 has been added to the FY 2021/22 budget for the early start of the Carr Park Shelter project currently budgeted in FY 2022/23.

The overall effect of final amendments on the 2021/22 projected Local Option Sales Tax fund ending balance is a decrease of \$1,793.

Road Use Tax

Road Use Tax expenses will see an overall decrease of \$74,910. Signal maintenance and traffic engineering have reductions of \$8,761 and \$2,004, respectively. Public Works Engineering budgeted \$95,745 for Benchmark and Monument Modernization. This project is now being completed in-house, so the total expense will decrease by \$70,745. Additional expenses for Pavement Management Professional Services and Foxit Software have been added to the FY

2021/22 budget. Snow and Ice Control expense savings of \$105,000 will be moved to cover a shortfall in Fleet funds.

The overall effect of final amendments on the 2021/22 projected Road Use Tax fund ending balance is an increase of \$74,910.

Public Safety Special Revenues

For FY 2021/22, the Police BJA Ballistic Vest Grant revenue account number has been restructured and accounted for in final amendments. In addition, \$16,000 in revenue from the State of Iowa for alcohol enforcement will be moved to the General Fund.

The overall effect of final amendments on the 2021/22 projected Police Grants fund ending balance is a decrease of \$16,000.

Street Construction Fund

In the Street Construction Fund, the Dankbar-Muench Traffic Study has been completed. Revenue and expenditures in the amount of \$8,370 were added to FY 2021/22 to cover year-to-date amounts. In addition, grant funds totaling \$399,000 have been removed from both revenues and expenditures for the Skunk River Trail CIP Project, and \$401,000 has been added to revenues and expenses for the loway Creek project from South Skunk to Duff.

Final amendments will result in no net change to the Street Construction Fund.

Airport Construction Fund

Airport Construction Fund revenues will decrease by \$747,988. In total, Airport CIP expenses, and transfers will decrease by \$289,720. These changes reflect the transfer of Airport Construction Fund revenue and expenses to the new Airport Capital Reserve Enterprise Fund.

G.O. Bond Funds

The 13th Street Shared Use Path CIP project has been completed. Project savings of \$5,968 have been transferred to unallocated bond expense.

Furman Aquatic Center Trust

Furman Aquatic Center Trust Fund expenses will increase by \$25,000 due to high bids received for the Lazy River structural repair project. The overall effect of final amendments on the 2021/22 projected Furman Aquatic Center Trust fund ending balance is a decrease of \$25,000.

Airport Operations

The newly created Airport Operations Enterprise Fund includes revenues moved from the General Fund totaling \$467,115. In addition, expenses of \$467,664 were also transferred from the General Fund for Airport operations and transfers. Additional amendments were made for salaries, fleet maintenance, the USDA Wildlife Mitigation agreement, repairs, and supplies. Minor increases to outside insurance/bonds, fuel, and Airport farm expense are also included.

The net effect on the Airport Operations Fund is a \$13,894 projected increase to the FY 2021/22 fund balance.

Airport Capital Reserve

Revenues have been transferred from the Airport Construction Fund to the new Enterprise Airport Capital Reserve Fund. In addition to the new fund revenue transfer, proceeds from the sale of the Sigler hanger (\$2,838,250), insurance proceeds (\$27,377), and a proposed construction fund transfer (\$160,712) have also been added to FY 2021/22 final amendments.

The new Airport Capital Reserve Enterprise fund will have a total expense change of \$465,522. Besides the transfers to establish the new fund, the expense increase also includes an Airport Operations lease replacement transfer of \$15,090. The net effect on the Airport Capital Reserve Fund is a \$3,308,805 projected increase to the FY 2021/22 fund balance.

Water Utility Fund

The Water Utility Fund's expenses have been decreased by \$14,729 due to CIP project savings. A portion of the project savings has been moved to the Physical and Cyber Security Improvements CIP projects to budget for the security access control pads (\$50,000) and the high service pump fencing (\$60,000).

The net effect on the Water Utility Fund is a \$14,729 projected increase to the fund balance in FY 2021/22.

Sewer Utility Fund

In the Sewer Utility Fund expenses have been moved from WPC maintenance equipment repair to laboratory equipment repair to cover repairs to the laboratory's AA unit. In addition, CIP funding of \$25,000 has been added to the FY 2021/22 budget for the early start of the Cogeneration System Maintenance project currently budgeted in FY 2022/23. The net effect on the Sewer Utility Fund is a \$25,000 projected decrease to the fund balance in FY 2021/22.

Electric Utility Fund

The Electric Utility Fund's revenues have been reduced by \$21,069 to reflect the reduction in grant funding for the electric vehicle charging station located at 2108 Isaac Newton.

Expenses for the Electric Utility Fund have also been reduced by \$21,069. In Production, building maintenance expenses have been reduced by \$52,150 to cover Electric's share of the fiber installation and wireless access projects. Commercial solar rebate expenses in Demand Side Management have been decreased by \$20,000 to cover shortfalls on the Lincoln Way electric vehicle charging station project. In addition, project savings from the Unit 7 Turbine/Generator Overhaul, Unit 7 Boiler Tube Repairs, and Waste Water Treatment CIP projects have been moved to cover increased expenses on the Unit 8 Turbine/Generator Overhaul and Superheat CIP projects.

Final amendments will result in no net change to the Electric Utility Fund.

Transit and Transit Capital Reserve Funds

Transit Fund expenses have been increased by \$101,961. This amount is an additional transfer to the Transit Capital Reserve Fund for the Battery Electric Bus project. The transfer will be used to cover cost overruns for the facility construction portion of the project.

The net effect of the changes to Transit Fund's expenses is a projected \$101,961 decrease to the Transit Operations fund balance, and no change to the Transit Capital Reserve Fund.

Ice Arena Fund

The Ice Arena Fund revenues will be increased by \$10,005. The total includes increases to admission, rentals, and concessions. Revenues were reduced for figure skating sessions and Dasher Board advertising. Expenses will increase by \$7,808. Cost savings from the Ice Arena Coordinator position will offset increases to temporary salaries and benefits. Equipment repairs for the heater and controller account for additional expense increases.

The net effect on the Ice Arena Fund is a \$2,197 projected increase to the fund balance in FY 2021/22.

Fleet Services Reserve Fund

The Fleet Services Reserve Fund revenues will increase by \$10,801 for additional funding transfers from Electric Distribution and Public Works/Streets. Expenses will increase by \$79,300 to cover a truck chassis and skid steer trailer for Streets, and a trailer for Electric Distribution. The overall effect of final amendments on the Fleet Services Reserve Fund is a \$68,499 projected decrease to the fund balance in FY 2021/22.

Technology Replacement Reserve Fund

The Technology Replacement Reserve Fund expenses will increase by \$45,000 for the purchase of additional department computers. The net effect of final amendments for FY 2021/22 is a projected decrease of the fund balance.

NOTICE OF PUBLIC HEARING - AMENDMENT OF CURRENT BUDGET

City of AMES
Fiscal Year July 1, 2021 - June 30, 2022

The City of AMES will conduct a public hearing for the purpose of amending the current budget for fiscal year ending June 30, 2022

Meeting Date/Time: 5/24/2022 06:00 PM

Contact: Duane Pitcher

Phone: (515) 239-5113

Meeting Location: Council Chambers - City Hall
515 Clark Avenue
Ames, IA

There will be no increase in taxes. Any residents or taxpayers will be heard for or against the proposed amendment at the time and place specified above. A detailed statement of: additional receipts, cash balances on hand at the close of the preceding fiscal year, and proposed disbursements, both past and anticipated, will be available at the hearing.

REVENUES & OTHER FINANCING SOURCES		Total Budget as Certified or Last Amended	Current Amendment	Total Budget After Current Amendment
Taxes Levied on Property	1	32,343,273	0	32,343,273
Less: Uncollected Delinquent Taxes - Levy Year	2	0	0	0
Net Current Property Tax	3	32,343,273	0	32,343,273
Delinquent Property Tax Revenue	4	0	0	0
TIF Revenues	5	1,918,072	0	1,918,072
Other City Taxes	6	13,327,338	0	13,327,338
Licenses & Permits	7	1,578,652	0	1,578,652
Use of Money & Property	8	10,803,208	-142,979	10,660,229
Intergovernmental	9	71,403,978	-15,869	71,388,109
Charges for Service	10	316,338,428	248,278	316,586,706
Special Assessments	11	318,313	0	318,313
Miscellaneous	12	871,550	-6,172	865,378
Other Financing Sources	13	39,526,627	2,838,250	42,364,877
Transfers In	14	21,276,426	93,688	21,370,114
Total Revenues & Other Sources	15	509,705,865	3,015,196	512,721,061
EXPENDITURES & OTHER FINANCING USES				
Public Safety	16	20,382,999	3,674	20,386,673
Public Works	17	8,227,861	-394,067	7,833,794
Health and Social Services	18	1,797,493	0	1,797,493
Culture and Recreation	19	10,030,011	60,200	10,090,211
Community and Economic Development	20	8,851,789	0	8,851,789
General Government	21	4,085,553	6,319	4,091,872
Debt Service	22	22,565,850	0	22,565,850
Capital Projects	23	59,376,496	-408,269	58,968,227
Total Government Activities Expenditures	24	135,318,052	-732,143	134,585,909
Business Type/Enterprise	25	370,605,712	978,116	371,583,828
Total Gov Activities & Business Expenditures	26	505,923,764	245,973	506,169,737
Transfers Out	27	21,276,426	93,688	21,370,114
Total Expenditures/Transfers Out	28	527,200,190	339,661	527,539,851
Excess Revenues & Other Sources Over (Under) Expenditures/Transfers Out	29	-17,494,325	2,675,535	-14,818,790
Beginning Fund Balance July 1, 2021	30	775,673,312	0	775,673,312
Ending Fund Balance June 30, 2022	31	758,178,987	2,675,535	760,854,522

Explanation of Changes: Increases and decreases to the FY 2021/22 budget are due to staff vacancies, program updates, fund adjustments, CIP project completions and early starts, proceeds from the sale of an Airport hangar, and additional operating transfers.