MUSCATINE CITY COUNCIL
IN-DEPTH MEETING
Tuesday, October 14, 2025

Brad Bark, Mayor

Don Lampe, 1st Ward
Jeff Osborne, 2nd Ward
Peggy Gordon, 3rd Ward
Nadine Brockert, 4th Ward
John Jindrich, 5th Ward

Angie Lewis, At Large
Matt Conard, At Large
Matt Mardesen, City Administrator
Cinda Hilger, City Clerk
Brent Hinders, City Attorney

City Council meetings are held at 5:30 pm on the 1st and 3rd Tuesday of each month, In-depth sessions will be held as needed at 5:30 pm on the 2nd Tuesday of each month. All meetings are available for review on the City of Muscatine YouTube page.

AGENDA

1. **CALL TO ORDER**

2. **ROLL CALL**

3. **PLEDGE OF ALLEGIANCE**

4. **FROM THE MAYOR**

5. **COUNCIL DISCUSSION ITEMS**

   A. Presentation on the Ports of Eastern Iowa Authority

      [ITEM_DESCRIPTION]

   B. Presentation on recent changes to State Code relating to single-family residential zoning, including the impact these changes will have and the amendments they necessitate in the City Code

   C. Presentation on Proposed Parking Changes-Councilmember Osborne

      [ITEM_DESCRIPTION]

D. Overview of Budget Basis Financial Statements for the Year Ended June 30, 2025

The Finance Director will review the attached PowerPoint presentation on the budget basis financial statements for the fiscal year ended June 30, 2025.

6. STAFF, COUNCIL AND MAYOR REPORTS

7. ADJOURNMENT

MUSCATINE

City of Muscatine

ITEM NUMBER 2025-846

IN-DEPTH ITEM - CITY COUNCIL

DATE: 10/14/2025

STAFF

SUBJECT FOR DISCUSSION

Presentation on the Ports of Eastern Iowa Authority

EXECUTIVE SUMMARY

[AGENDA_ITEM_CUSTOM_TEXT_2]

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

[AGENDA_ITEM_CUSTOM_TEXT_3]

BACKGROUND/DISCUSSION

[AGENDA_ITEM_CUSTOM_TEXT_4]

ATTACHMENTS

City of Muscatine

ITEM NUMBER

AGENDA ITEM SUMMARY

DATE: 10/14/2025

STAFF

Andrew Fangman, Assistant Community Development Director

SUBJECT

Presentation on recent changes to State Code relating to single-family residential zoning, including the impact these changes will have and the amendments they necessitate in the City Code

EXECUTIVE SUMMARY

Muscatine, like most Iowa communities, has historically relied on single-family zoning that overwhelmingly restricts residential land use to site-built single-family homes. However, the State Legislature has determined that this restrictive approach creates a barrier to building needed housing options in Iowa. Consequently, the state has passed recent laws that limit how restrictive cities and counties can be with single-family zoning, particularly concerning: accessory dwelling units, group homes, and manufactured homes. This presentation will detail what the State Code now mandates be allowed in single-family zones for these three housing types and to identify the necessary changes to the City Code to bring it into compliance with state law.

STAFF RECOMMENDATION

Does the City Council desire to consider any potential additional changes to single-family residential zoning beyond those necessitated by changes to State Code?

BACKGROUND/DISCUSSION

Comprehensive citywide zoning regulations governing all aspects of land use were first adopted by the City of Muscatine in 1957.

A defining feature of these initial regulations was the creation of zoning districts—encompassing much of Muscatine—that restrict land use almost exclusively to site-built single-family homes, with few exceptions for schools, churches, and parks.

Since then, there have been dozens of minor revisions and several major rewrites to the zoning regulations within the City Code. However, throughout all these changes over nearly 70 years, the regulations governing what can be built and what land uses are permitted in the various single-family residential zoning districts remain substantially the same as the regulations first adopted in 1957.

The approach taken by Muscatine toward single-family zoning—creating districts that essentially only allow for site-built single-family homes and applying them to the overwhelming majority of residentially zoned areas—mirrors the approach taken by nearly every other Iowa community. However, the argument has been successfully made to the state legislature that dedicating so much available land exclusively to site-built, single-family residences has become a barrier to constructing certain housing options needed by many Iowans. For this reason, the state legislature has taken a number of recent actions that specifically limit how restrictive cities and counties in Iowa can be with single-family zoning regarding accessory dwelling units, group homes, and manufactured homes.

Following is an analysis of what State Code now requires cities and counties to allow in single-family residentially zoned areas regarding accessory dwelling units, group homes, and manufactured homes. This analysis also details the necessary changes to the City Code to make it compliant with state law.

Accessory Dwelling Units

With the intent to increase housing availability and affordability, the Iowa State Legislature passed, and the Governor signed, Senate File 592 (SF 592). This legislation, which took effect on July 1, 2025, mandates that all cities and counties in Iowa must permit at least one accessory dwelling unit (ADU) on the same lot as a single-family home. This requirement applies even if the zoning of a lot does not allow for multiple dwelling units on a single lot.

An ADU is an additional residential dwelling unit located on the same lot as a single-family home. It can be either attached to or detached from the primary residence. For the purpose of SF 592, an ADU is further defined as not exceeding 1,000 square feet or 50% of the size of the primary residence, whichever is larger.

In addition to requiring cities to allow ADUs on all single-family lots, SF 592 also prohibits cities from imposing the following restrictions and regulations on the development of ADUs.

The following requirements imposed on ADUs cannot be more restrictive than those for the single-family residences they share a lot with: maximum building heights, minimum setback requirements, minimum lot sizes, minimum building frontages, maximum lot coverages, and density requirements.

- ADUs cannot be required to match the exterior design, roof pitch, or finishing materials of the single-family residence they share a lot with.
- The use of an ADU as a rental unit cannot be prohibited. Rental housing licensing and regulations must be applied to ADUs in the same manner as all other types of dwelling units.

- Cities cannot require that additional off-street parking spaces be constructed for an ADU beyond what is already required for the existing single-family home.
- Restrictions on the occupancy of either the single-family residence or the ADU by any of the following manners are prohibited:
    - Requiring the property owner to be a resident of the single-family residence or the ADU.
    - Requiring a familial, marital, or employment relationship to exist between the occupants of the single-family residence and the occupants of the ADU.
    - Restricting the occupancy of an ADU based on income or age.
- Any requirement for new or separate utility lines between the accessory dwelling unit and public utility service connections.

SF 592 imposes the following restrictions and requirements on ADUs located on single family lots.

- An ADU's size is capped at 1,000 square feet or 50% of the primary residence's size, whichever is larger. However, cities may permit larger ADUs.
- ADUs must comply with adopted building code.
- ADUs may be prohibited by a deed restriction (covenants) or the rules of a common interest community (such as a condominium association). Both are contractually based obligations between private property owners and, as such, cannot be enforced, mandated, or be required to exist by a city.

Currently, City Code does not allow ADUs in zoning districts that restrict residential uses to one dwelling unit per lot. However, as of July 1st, SF 592 has made this local prohibition on ADUs in single-family residential areas unenforceable. For this reason, it is no longer enforced within the City of Muscatine.

For the sake of transparency and good customer service, the regulations in the City Code should reflect what is actually enforceable. This proposed amendment to the City Code will make all the necessary changes to allow for and regulate ADUs as mandated by state law.

Group Homes

Currently, the City Code defines and regulates group homes differently than it does single-family residences. The definition and regulations for group homes, outlined in the City Code, haven't changed since 1976.

However, since that time, the state legislature has passed several mandates that require certain types of group homes to be treated as single-family homes for zoning purposes. The specifically protected types of group homes are:

Residential care facilities serving three to five persons with an intellectual disability, chronic mental illness, a developmental disability, or a brain injury.

- Child foster care facilities with fewer than six children.
- Elder group homes with three to five residents.
- Maternity group homes.

There are fifteen different zoning districts within the City Code that allow for some or all forms of residential uses as a permitted use. Of these, only the R-6 Multi-Family Residential District permits group homes in a manner that is fully consistent with state law mandates. The other 14 districts restrict group homes in ways that are currently unenforceable under state law. Specifically, these districts either:

- Do not permit group homes.
- Permit them, but with restrictions not permissible under state code.
- Require prior approval of a Conditional Use Permit by the Zoning Board of Adjustment and have restrictions that are not permissible under state code.
- Require the group home to be part of the City Council-approved development plan in districts, were allowable land uses based on an approved development plan.

As required by State Code, the City has allowed for the placement of group homes in circumstance where such placement it conflicts with City Code. This has created awkward situations that have left residents questioning why the City isn't enforcing its own rules.

For the sake of transparency and good customer service, the regulations in the City Code should reflect what is actually enforceable. This proposed amendment will make all the necessary changes to allow for and regulate Group Homes as mandated by state law.

Manufactured & Mobile Homes

City Code defines a "mobile home": "*A transportable manufactured structure built on a chassis and designed to be used as a dwelling, with or without a permanent foundation, when connected to the required utilities."*

Since Muscatine's initial adoption of a zoning ordinance, City Code has restricted where mobile homes can be placed. Mobile homes are only allowed in mobile home parks or as part of a City Council-approved development plan in, zoning districts where allowable land uses are based on a Council-approved development plan, and such a development plan explicitly permits the placement of mobile homes in certain areas. However, recent changes to state code have made this severe restriction on where mobile homes constructed before 1976 can be placed unenforceable.
State code has distinct and mutually exclusive definitions of a "mobile home" and a

"manufactured home."

A "manufactured home" is a factory-built structure built under the authority of 42 U.S.C. §5403, the mandatory, uniform federal standards for manufactured homes built in the U.S., and which displays a seal from the U.S. Department of Housing and Urban Development, and was constructed on or after June 15, 1976.

A "mobile home" is a vehicle without motive power used or manufactured/constructed to permit its use as a conveyance on public streets and highways, and designed, constructed, or reconstructed to be used as a place for human habitation by one or more persons. It also includes any such vehicle with motive power not registered as a motor vehicle in Iowa. A mobile home is not built to a mandatory building code, contains no state or federal seals, and was built before June 15, 1976.

Under City Code, the current definition of a “mobile home” covers both what state code defines a “mobile home” or a “manufactured home”.

State code now specifically prohibits a city from adopting or enforcing zoning regulations or other ordinances that disallow a proposed residential structure solely because it is a manufactured home. However, structures built before 1976, which are defined as mobile homes by the state, are not covered by this provision of state law. As such, their placement can still be limited by cities.

A requirement, is included in state code, that a manufactured home be located and installed according to the same standards that apply to a site-built, single-family dwelling on the same lot. These standards include, but are not limited to, requirements for a permanent foundation system, set-back, and minimum square footage. Furthermore, the manufactured home must be assessed and taxed as a site-built dwelling.

The State also imposed a number of provisions intended to prevent cities from implementing de facto bans on manufactured homes by adopting development standards that are essentially impossible for any manufactured home to meet. Cities shall not:

- Require a perimeter foundation system for a manufactured home which is incompatible with the structural design of the manufactured home structure.
- Require more than one permanent foundation system for a manufactured home.
- Adopt or enforce construction, building, or design ordinances, regulations, requirements, or restrictions which would mandate width standards greater than twenty-four feet, roof pitch, or other design standards for manufactured housing if the housing otherwise complies with the mandatory, uniform federal standards for manufactured homes built in the U.S. (42 U.S.C. §5403).

The City has been allowing the placement of manufactured homes as required by state code, even in circumstances that conflict with current City Code. This has created awkward situations that have left residents questioning why the City isn't enforcing its own rules. For the sake of transparency and good customer service, the regulations in the City Code should reflect what is actually enforceable.

The next step in the process of bringing City Code into alignment with State Code on these issues is for the Planning and Zoning Commission to review and make a recommendation on the specific code language. If the City Council desires to consider any potential additional changes to single-family residential zoning beyond those necessitated by changes to State Code, it should direct the Planning and Zoning Commission to examine and make a recommendation on any other desired change. Once the Planning and Zoning Commission makes a recommendation on specific code language amending single-family residential zoning, the issue will be brought back before the City Council for a public hearing and Council action on adoption.

CITY FINANCIAL IMPACT

[AGENDA_ITEM_CUSTOM_TEXT_5]

ATTACHMENTS

City of Muscatine

ITEM NUMBER

IN-DEPTH ITEM - CITY COUNCIL

DATE: 10/14/2025

STAFF

Brad Bark, Mayor

SUBJECT FOR DISCUSSION

Presentation on Proposed Parking Changes-Councilmember Osborne

EXECUTIVE SUMMARY

[AGENDA_ITEM_CUSTOM_TEXT_2]

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

[AGENDA_ITEM_CUSTOM_TEXT_3]

BACKGROUND/DISCUSSION

[AGENDA_ITEM_CUSTOM_TEXT_4]

ATTACHMENTS

City of Muscatine

ITEM NUMBER

IN-DEPTH ITEM - CITY COUNCIL

DATE: 10/14/2025

STAFF

Nancy Lueck, Finance Director

SUBJECT FOR DISCUSSION

Overview of Budget Basis Financial Statements for the Year Ended June 30, 2025

EXECUTIVE SUMMARY

The Finance Director will review the attached PowerPoint presentation on the budget basis financial statements for the fiscal year ended June 30, 2025. This will include (1) an overview of the actual General Fund revenues, expenditures, and ending fund balance, (2) the General Fund balance history, and (3) actual ending fund balances for all Operating Funds compared to the Revised Estimate projections.

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

This presentation is informational and for discussion purposes. No decisions need to be made after the presentation. City Council discussion and feedback is welcome.

BACKGROUND/DISCUSSION

A booklet will be distributed to the Mayor and Council Council members at the October 14 meeting which includes various summary and detailed budget-basis financial reports for the City for the year ended June 30, 2025. This booklet includes several of the summary schedules that are in the attached PowerPoint presentation. If any Council Member is interested in reviewing the book prior to the meeting, these are available in the Finance Department to pick up.

The budget-basis statements are those that will be used for the Annual Financial Report to the State which is required to be filed by December 1 each year. This report will be included on a future agenda for City Council approval.

The City's auditors have completed their on-site work for the City's audit. City staff and the auditors continue to work on finalizing the Annual Comprehensive Financial Report (ACFR) which is expected to be completed either in late October or early November.

ATTACHMENTS

1. FY 2025 Year End Budget Basis Presentation.FINAL

City of Muscatine

Budget Basis Financial Statement Overview

Year Ended June 30, 2025

Direction Sought – Informational Presentation Only

- This presentation is informational and will provide the following:

A. Overview of actual General Fund revenues, expenditures, and ending fund balance for fiscal year 2024/2025
B. General Fund balance history
C. Actual FY 2024/2025 ending fund balances for all Operating Funds compared to Revised Estimate amounts
D. Overview of grants/donations received in fiscal year 2024/2025
E. Overview of interest earned in fiscal year 2024/2025
F. Summary
G. City Council Discussion and Feedback

City of Muscatine, Iowa
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Year Ended June 30, 2025

Revenues:	
Taxes:	
Property	**$ 9,109,084.17**
Utility	**35,475.32**
Hotel/Motel	**563,310.56**
Cable Franchise	**96,416.76**
Utility Franchise	**332,627.59**
Licenses and permits	**455,621.13**
Fines and forfeitures	**519,022.10**
Intergovernmental	**1,285,362.61**
Charges for services	**646,171.64**
Use of money and property	**402,562.82**
Other	**1,284,740.09**
Total revenues	**$ 14,730,394.79**

Expenditures:	
Current:	
Public safety	**$ 12,366,819.87**
Public works	**2,522,820.01**
Health and social service	**60,000.00**
Culture and recreation	**4,005,184.20**
Community and economic development	**1,070,584.60**
General government	**3,467,234.81**
Capital outlay:	
Public safety	**250,520.18**
Public works	**930,577.26**
Culture and recreation	**318,484.05**
Community and economic development	**967.40**
General government	**47,294.48**
Total expenditures	**$ 25,040,486.86**
Revenues (under) expenditures	**$ (10,310,092.07)**

Other financing sources (uses):	
Operating transfers in (includes transfers from the Employee Benefits, Road Use Tax, Ambulance, Perpetual Care Interest, and TIF funds)	**$ 10,394,368.64**
Operating transfers out (includes transfers to the Equipment Replacement and Computer Replacement funds as well as subsidy transfers to enterprise funds)	**(403,948.45)**
Total other financing sources (uses)	**$ 9,990,420.19**
Revenues and other sources over (under) expenditures and other uses	**$ (319,671.88)**
Fund balance, June 30, 2024	**5,860,851.60**
Fund balance, June 30, 2025	**$ 5,541,179.72**
Less reserve for encumbrances	**18,626.75**
Unreserved balance, June 30, 2025	**$ 5,522,552.97**

City of Muscatine
General Fund
Fund Balance Analysis
Fiscal Year Ended June 30, 2025

Original Budget - Ending Fund Balance	**$ 5,533,671**	
Original Revised Estimate - Ending Fund Balance	**$ 5,227,430**	
Actual Ending Fund Balance (Reflects all Encumbrances)	**$ 5,522,553**	*
Actual over (under) Revised Estimate by	**$ 295,123**	*
General Fund Balance as a Percent of FY 2024/2025 Expenditures	**21.99%**	
(Revised Estimate Projected Percentage was 20.4%)		

*** Revenues and transfers in under original Revised Estimate by $272,190:**
(Revenues over by $300,043 in total, transfer in under by $572,233)

Significant Revenue Items:

Tax Collections over Revised Estimate	**$ 15,859**
Utility Franchise Fees over Revised Estimate	**20,628**
Cable Franchise Fees under Revised Estimate	**(3,583)**
Road Use Tax Transfer in to General Fund under original Revised Estimate	**(202,769)**
(Corresponding Public Works expenditures also under Rev. Est.)	
Employee Benefits funding under Revised Estimate	**(3,589)**

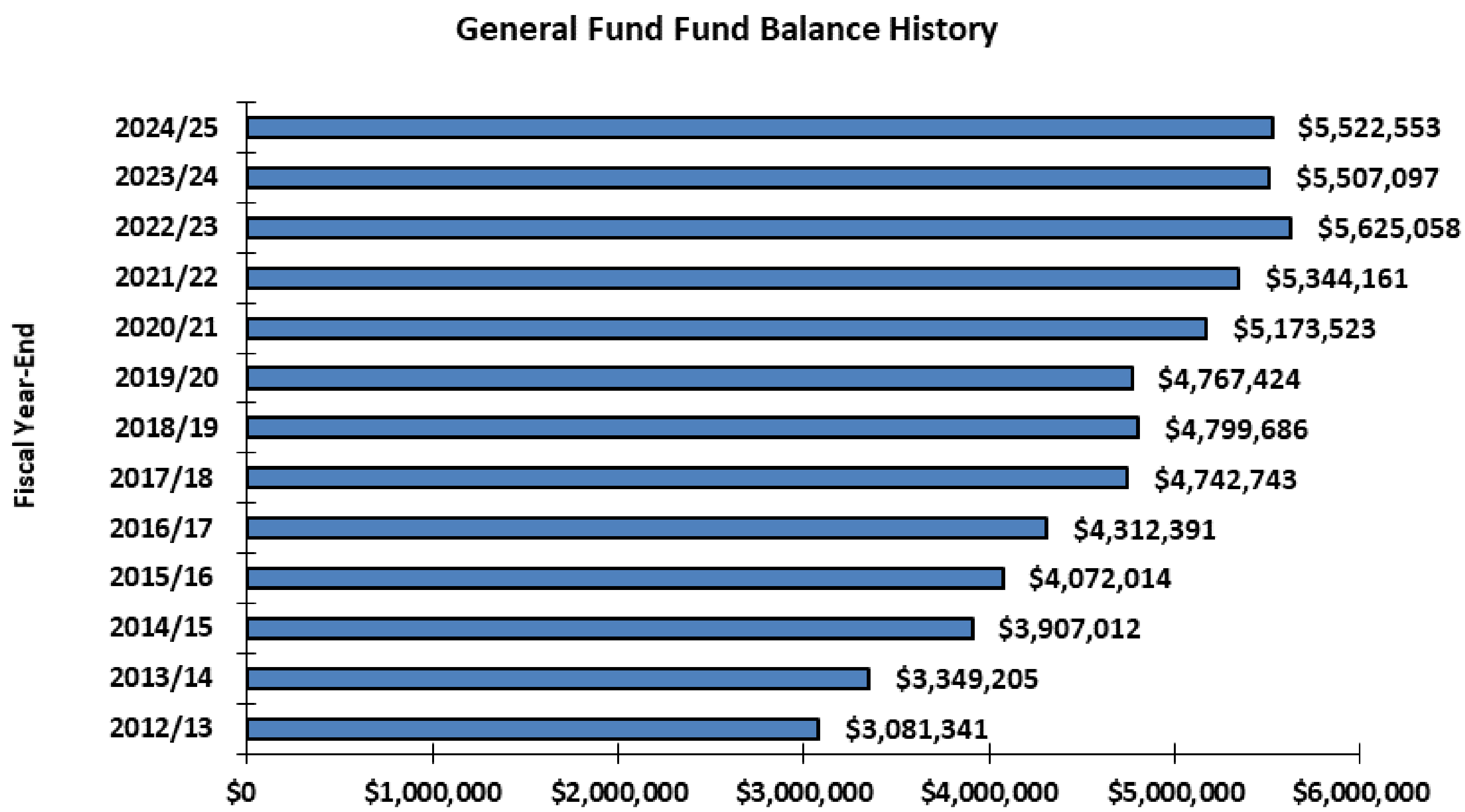
Health Insurance Wellness Program funding <u>under</u> Revised Estimate (Corresponding expenditures also under Rev. Est.)			(9,379)
Hotel/Motel Tax <u>under</u> Revised Estimate (Revised estimate $595,000; actual $563,310)			(31,689)
Community Development Revenues <u>over</u> Revised Estimate (Nuisance reimbursements over by $11,958; construction permits under by $65,659; rental inspection fees over by $26,895; sale of property over by $46,500)			23,238
Library Revenues <u>under</u> Revised Estimate (Budget Error)			(16,517)
Art Center Revenues <u>under</u> Revised Estimate			(1,001)
Parks and Recreation Revenues <u>over</u> original Revised Estimate:			
Kent Stein Park and Soccer Revenues <u>over</u> by		2,598	
Recreation and Aquatic Center Revenues <u>under</u> by		(1,651)	
General Parks <u>over</u> Revised Estimate		17,738	18,685
Cemetery Revenues <u>under</u> original Revised Estimate (Lot Sales, Burial Fees, etc.)			(5,541)
Public Works Revenues <u>under</u> original Revised Estimate (less staff time charged to projects)			(11,636)
Police Grants <u>over</u> Revised Estimate			45,983
Court Fines <u>over</u> Revised Estimate			22,949
Automated Traffic Enforcement Fines <u>over</u> Revised Estimate			31,211
Other Police Revenues <u>over</u> Revised Estimate			54,147
License and Permit Revenues <u>over</u> original Revised Estimate			6,303
Fire Department Revenues <u>over</u> original Revised Estimate			6,991

Interest Income over original Revised Estimate		47,740
State Commercial and Industrial Reimbursement over Revised Estimate		4,269
State Business Property Tax Credit Reimbursements over Revised Estimate		31,608
Transfer from Emergency Fund not needed to reach target balance		(356,496)
Various Other Revenues over Revised Estimate (Net)		40,399
	$	(272,190)

* Expenditures under Original Revised Estimate by $566,352:

Significant Expenditure Items:

General government activities under original Revised Estimate	$	163,179
Public safety activities over original Revised Estimate		(43,347)
Library, Art Center and Parks under original Revised Estimate		80,757
Community/Economic Development under original Rev. Est.		134,748
Public Works activities under original Revised Estimate		212,418
Transit Tax Levy Transfer over original Revised Estimate		(612)
Airport Subsidy under original Revised Estimate		19,209
	$	566,352


General Fund Fund Balance History
Fiscal Year-End
2024/25
$5,522,553
2023/24
$5,507,097
2022/23
$5,625,058
2021/22
$5,344,161
2020/21
$5,173,523
2019/20
$4,767,424
2018/19
$4,799,686
2017/18
$4,742,743
2016/17
$4,312,391
2015/16
$4,072,014
2014/15
$3,907,012
2013/14
$3,349,205
2012/13
$3,081,341
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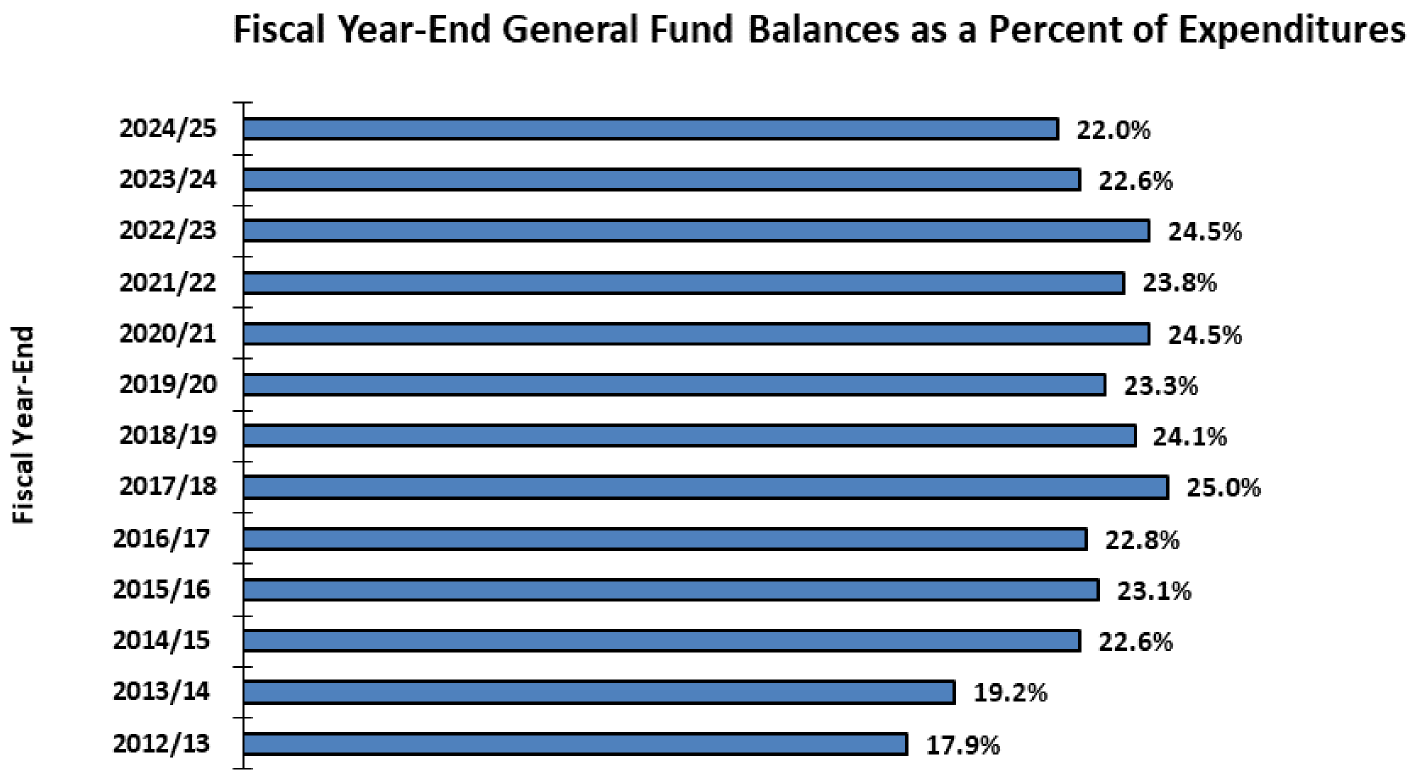
$1,000,000
$2,000,000
$3,000,000
$4,000,000
$5,000,000
$6,000,000


Fiscal Year-End General Fund Balances as a Percent of Expenditures
Fiscal Year-End
2024/25
22.0%
2023/24
22.6%
2022/23
24.5%
2021/22
23.8%
2020/21
24.5%
2019/20
23.3%
2018/19
24.1%
2017/18
25.0%
2016/17
22.8%
2015/16
23.1%
2014/15
22.6%
2013/14
19.2%
2012/13
17.9%

City of Muscatine
Fund Balance Comparison - Operating Funds
June 30, 2025

Fund	Original Budget	Revised Estimate	Actual 6-30-25	Variance Favorable (Unfavorable)	
General Fund	$ 5,533,671	$ 5,227,430	$ 5,522,553	$ 295,123	(1)
Debt Service Fund					
General Obligation	56,157	91,404	105,478	14,074	(2)
Enterprise Funds:					
Water Pollution Control Operations	2,201,346	2,271,706	2,207,795	(63,911)	(3)
Collection and Drainage	641,134	803,557	1,105,456	301,899	(4)
Solid Waste Management:					
Refuse Collection	254,043	246,701	291,708	45,007	(5)
Landfill Operations	2,230,381	2,403,019	2,702,579	299,560	(6)
Landfill Post-Closure Reserve	1,350,318	1,365,863	1,368,138	2,275	(7)
Landfill Closure Reserve	2,120,192	2,114,954	2,118,379	3,425	(7)
Transfer Stations Operations	114,461	218,755	251,591	32,836	(8)
Transfer Station Closure Reserve	33,825	33,825	33,825	-	
Airport Operations	-	-	-	-	(9)
Parking Operations	65,817	73,730	94,537	20,807	(10)
Transit	41,229	380,458	(80,424)	(460,882)	(11)
Golf Course Operations (excludes Clubhouse inventory)	81,163	277,504	426,246	148,742	(12)
Boat Harbor Operations	500	-	-	-	(13)
Marina Operations (includes inventory)	(2,852)	(5,828)	(4,331)	1,497	(14)
Ambulance Operations	167,513	394,751	466,229	71,478	(15)
CVB (City funds)	-	-	-	-	
Soccer Event Fund	31,676	-	-	-	
Internal Service Funds:					
Equipment Services (includes inventory)	50,166	(164,383)	(134,368)	30,015	(16)
Health Insurance	2,133,186	2,987,096	3,767,178	780,082	(17)
Dental Insurance	114,567	102,969	119,891	16,922	(18)

City of Muscatine
Fund Balance Comparison - Operating Funds
June 30, 2025

Fund	Original Budget	Revised Estimate	Actual 6-30-25	Variance Favorable (Unfavorable)	
Special Revenue Funds:					
Employee Benefits	-	172,397	211,300	38,903	(19)
Emergency Tax Levy/Emergency Fund	-	350,000	729,659	379,659	(20)
American Rescue Plan Act Fund	956,773	-	98,395	98,395	(21)
Community Block Grant	32,868	34,752	35,095	343	
Home Ownership Program	13,693	17,976	29,840	11,864	
Sunset Children's Education Program	7,109	7,438	7,779	341	
Public Housing Legal Settlement	56,398	128,106	152,214	24,108	(22)
Small Business Forgivable Loan Programs	-	73,260	27,623	(45,637)	(23)
Local Option Sales Tax	4,008,353	5,461,494	5,316,327	(145,167)	(24)
Road Use Tax	304,063	1,429,008	1,884,030	455,022	(25)
Tax Increment (Downtown)	8,429	17,022	18,371	1,349	
Tax Increment (Southend)	307,309	410,636	426,324	15,688	(26)
Tax Increment (Cedar Development)	72,159	73,313	74,592	1,279	
Tax Increment (Hwy 38 NE)	23,284	28,563	29,442	879	
Tax Increment (Fridley)	61,530	73,467	75,559	2,092	
Tax Increment (Riverview Hotel)	1,556	35,289	37,627	2,338	
Tax Increment (North University)	19,755	27,940	29,075	1,135	
Tax Increment (WDS)	18,047	26,846	27,801	955	
Tax Increment (Hershey Building)	5,721	13,860	7,930	(5,930)	
Tax Increment (Oak Park)	6,444	11,944	12,945	1,001	
Tax Increment (Arbor Commons)	3,400	8,162	8,907	745	
Tax Increment (Steamboat Apts)	-	5,100	5,230	130	
Tax Increment - LMI Reserve	24,100	22,632	22,653	21	
Equipment Replacement	63,745	101,869	130,134	28,265	(27)
Computer Replacement - City	-	-	104,276	104,276	(28)
Computer Replacement - Library	18,764	28,500	45,969	17,469	(29)
Police Forfeitures Fund	12,124	16,943	18,372	1,429	
Clark House/Sunset Park Operations	123,806	285,041	582,860	297,819	(30)
Section 8 Voucher Program	131,877	251,310	347,039	95,729	(31)
Totals	$ 23,499,800	$ 27,936,379	$ 30,859,828	$ 2,923,449	

1. **See General Fund analysis.**

2. **Debt service tax collections $8,184 more than the revised estimate; interest revenue $5,290 higher than estimated; paying agent costs $600 less than estimated.**

3. **Water Pollution Control revenues were $111,678 higher than the revised estimate; expenditures were over the original revised estimate by $420,117 (the revised estimate was amended by $503,000). Prior year compensated absences of $226,684 were eliminated due to an accounting change. Prior year encumbrances of $17,844 were written off.**

4. **Collection and Drainage revenues were over by $60,247; expenditures under revised estimate by $241,652.**

5. **Refuse Collection expenditures over original revised estimate by $14,396; revenues were under by $3,602. Prior year compensated absences of $63,005 were eliminated due to an accounting change.**

6. **Landfill revenues over by $145,721 (fees under by $42,772; interest over by $189,193); expenditures under original revised estimate by $146,905. Prior year compensated absences of $6,934 were eliminated due to an accounting change.**

7. **Landfill Closure Reserve transfer in over estimate by $3,425. Landfill Post-Closure transfer in over by $2,275 (based on Engineer's cost estimates and waste volumes).**

8. **Transfer Station revenues $12,774 less than the revised estimate; expenditures over the original revised estimate by $6,635. Prior year compensated absences of $41,505 were eliminated due to an accounting change. Prior year encumbrance of $10,740 written off.**

9. **Airport revenues under the original revised estimate by $14,437; expenditures under revised estimate by $14,437. General Fund subsidy under budget by $19,208.**

10. **Parking revenues $14,521 less than the revised estimate; expenditures under the revised estimate by $8,633. Prior year compensated absences of $26,695 eliminated due to an accounting change.**

11. **Transit revenues under original revised estimate by $379,315 ($2,171 over in transit fares; $50,053 under in Operating grants, $344,120 under in capital grants, and $12,687 over in other revenues); expenditures over including bus encumbrances by $100,060. Prior year encumbrances of $955 written off. Prior year compensated absences of $17,538 eliminated due to an accounting change. The negative fund balance at year-end is due to an encumbrance for a bus on order; grant funding for this bus will be reflected as revenue in the year the bus is received.**

12. **Golf Course revenues were over the original revised estimate by $71,878; expenditures were under the revised estimate by $36,459. Prior year compensated absences of $40,405 eliminated due to an accounting change.**

13. Boat Harbor revenues under revised estimate by $5,957; expenditures under by $283. Prior year compensated absences of $1,114 eliminated due to an accounting change. Deficit of $4,560 in this fund eliminated with a transfer from the General Fund.

14. Marina revenues under revised estimate by $5,835; expenditures under by $1,374; deficit eliminated with a $4,461 transfer from the General Fund.

15. Ambulance revenues over revised estimate by $23,559; expenditures under revised estimate by $35,457. Prior year encumbrances of $777 were written off. Prior year compensated absences of $11,685 were eliminated due to an accounting change.

16. While the Equipment Services annual deficit is $30,015 less than the $73,900 annual deficit projected when the revised estimate was prepared, this is due to an accounting change eliminating compensated absences payable of $55,307 from this fund. Without this accounting change, the annual deficit would be $25,292 more of a deficit than projected. Billed labor hours were 400 less than budgeted; the cumulative deficit in this fund is $134,368.

17. Health insurance claims, admin fees, etc. were $765,306 less than estimated; Wellness Program funding was $9,379 less than estimated. Revenues were $5,397 more than estimated.

18. Dental insurance claims, admin fees, etc. were $17,755 less than estimated; revenues were $833 less than estimated.

19. Employee Benefits Tax revenues $35,314 more than revised estimate; transfers out for actual employee benefit costs $3,589 less than estimated due to employee vacancies, etc.

20. Emergency Tax/Emergency Fund interest over the revised estimate by $23,163; expenditures under revised estimate by $356,496 since the budgeted transfer to General Fund was not needed; will carry over to FY 26.

21. American Rescue Plan Act interest revenue $308 more than revised estimate; expenditures $98,087 less than the revised estimate. Balance carries forward to FY 26.

22. Public Housing Legal Settlement Fund interest over revised estimate by $2,563; expenditures under revised estimate by $21,545.

23. Balances totaling $27,623 in the Small Business Forgivable Loan Programs carry forward to FY 26. More funds expended in FY 25 than expected at the time the revised estimate was done.

24. **Local option sales tax transfers for actual sewer and street project costs were $299,241 more than estimated; Local Option revenues were $21,686 higher than the revised estimate and interest was $132,388 higher. Projects were further along than projected. Balance carries forward.**

25. **Road Use Tax revenues over revised estimate by $71,351; funding transfers were $383,671 less than the original revised estimate due to timing of capital projects. Balance carrries forward to FY 26.**

26. **Southend Tax Increment revenues over revised estimate by $16,882 (primarily interest); expenditures over by $1,194.**

27. **Equipment Replacement revenues over revised estimate by $24,466; expenditures over original revised estimate by $8,738. Prior year encumbrances of $12,537 written off.**

28. **Computer Replacement funds carried forward to FY 26. Budget allowed for all funds to be expended.**

29. **Library Computer Replacement fund interest and reimbursements over revised estimate by $1,851; expenditures over original revised estimate by $11,196; $26,814 of unspent Library budgeted funds were transferred into this fund in FY 25.**

30. **Public Housing expenditures were $122,335 less than the original revised estimate; revenues were $154,456 more than estimated. Prior year compensated absences of $21,028 were eliminated due to an accounting change.**

31. **Section 8 Housing revenues were $90,936 more than estimated; expenditures were $4,793 less than the revised estimate.**

Other Items of Note – Grants and Contributions, Interest Earned, and Debt Obligation Summary

At the end of the Budget Basis book distributed at the October 7 meeting are the following schedules:

1. **Summary Schedule of Grants and Contributions –**
   a. The City received a total of $11,540,694 in grants and contributions in 2024/2025 (which included $2,500,000 in contributions for the Sports Dome)
   b. In 2022/2023 the grants and contributions totaled $9,920,661
   c. The end of this schedule lists various new grants or grants that will continue in 2025/2026

2. **Summary of Investment Transactions for Fiscal Year 2024/2025**
   a. Interest received on a cash basis during the fiscal year totaled $2,484,494 (a 67.4% increase compared to $1,484,255 in fiscal year 2023/2024)
   b. Interest earned on an accrual basis in 2024/2025 totaled $2,353,149 (an 8.1% increase compared to $2,178,124 in fiscal year 2023/2024)
   c. While many of the CD interest rates in 2023/2024 were 5% or more, during 2024/2025 they decreased to the lower 4% range. It appears likely that interest rates will continue to decrease in the upcoming year

Other Items of Note – Grants and Contributions, Interest Earned, and Debt Obligation Summary (Cont.)

3. Debt Obligation Changes in 2024/2025

a. No new General Obligation bonds were issued in 2024/2025; new State Revolving Fund loan funds of $2,791,881 were drawn down for Phases 6-A and 6-B of the West Hill Project and $4,643,009 for Phase 6-C (total debt issued in 2024/2025 was $7,434,890)

b. $2,190,000 of G.O. bonds were paid/retired in 2024/2025; $822,000 of 2008 SRF loan funds were paid/ retired; and $731,000 of the SRF loan for Phases 6-A and 6-B of the West Hill Sewer Project (total debt retired was $3,743,000)

c. Debt outstanding as of 6-30-25 totaled $32,106,7977 ($14,780,000 in G.O. bonds, $6,131,788 in G.O. SRF debt for West Hill 6-A and 6-B, $4,643,009 in G.O. SRF debt for West Hill Phase 6-A, and $6,552,000 in SRF revenue debt for the 2008 WPCP project)

d. Interest paid on all debt totaled $912,299 ($610,488 for G.O. debt, $154,331 for G.O. SRF debt interest, and $147,480 for SRF revenue debt interest)

Summary

- The ending General Fund balance of 22.0% of expenditures is higher than the original 2024/2025 budget of 21.3% and higher than the 2024/2025 revised estimate of 20.4%. This increased balance is in part due to actual expenditures for the year coming in under budget

- This ending balance meets the requirements of the General Fund balance policy adopted in November of 2013 which provides that the minimum General Fund balance be at least 16.7% (two months) of General Fund expenditures. The policy further provides that higher balances (to 25% or more) would "further add to the financial stability of the City and allow more latitude in addressing revenue or expenditure fluctuations, disaster situations, and demonstrate credit worthiness to bond rating agencies".

- While the FY 25 General Fund balance ended higher than anticipated, and the budgeted $356,496 allocation (50%) of remaining emergency funds were not needed to balance the budget and will carry forward to future years, there are still several revenue and expenditure concerns going forward including (1) inflationary increases in the cost of goods and services, and (2) uncertainty in future property tax revenue due to property tax legislation enacted during the 2023 and 2024 legislative sessions which limit tax revenue growth (even with increased taxable valuations). Having the strong ending balance in the General Fund positions the City to address these and other possible future budget challenges.

Summary (Cont.)

- The General Fund Balance Policy specifically includes provisions for:

Utilization of Fund Balance. Except in extraordinary circumstances, unassigned fund balance should not be used to fund any portion of the ongoing and routine operating expenditures of the City. It should be used primarily to respond to unforeseen emergencies, to provide cash flow, and to provide overall financial stability.

Extraordinary circumstances can include significant revenue fluctuations (i.e. State legislative changes limiting property taxes, any further limitations of automated traffic enforcement (ATE) use, etc.). In the event that use of unassigned fund balance is necessary to provide a short-term solution to maintaining essential services, the City will evaluate current and future economic conditions to evaluate the extent of expenditure reductions or revenue increases that would be needed to achieve day-to-day financial stability and restore the fund balance.

- There were positive fund balances in all of the City's operating funds at the end of 2024/2025 with the exception of the Equipment Services Internal Service fund. A review of this fund will be done as part of the 2026/2027 budget process. The Boat Harbor and Marina fund deficits were eliminated with transfers from the General Fund at the end of the year.

Summary (Cont.)

- Most other City funds have ending balances close to or higher than projected and are in good position going into the budget development process for the upcoming year.

Again, this presentation is intended to be informational and for discussion purposes. No decisions are being requested after this presentation. City Council discussion and feedback is welcome.