



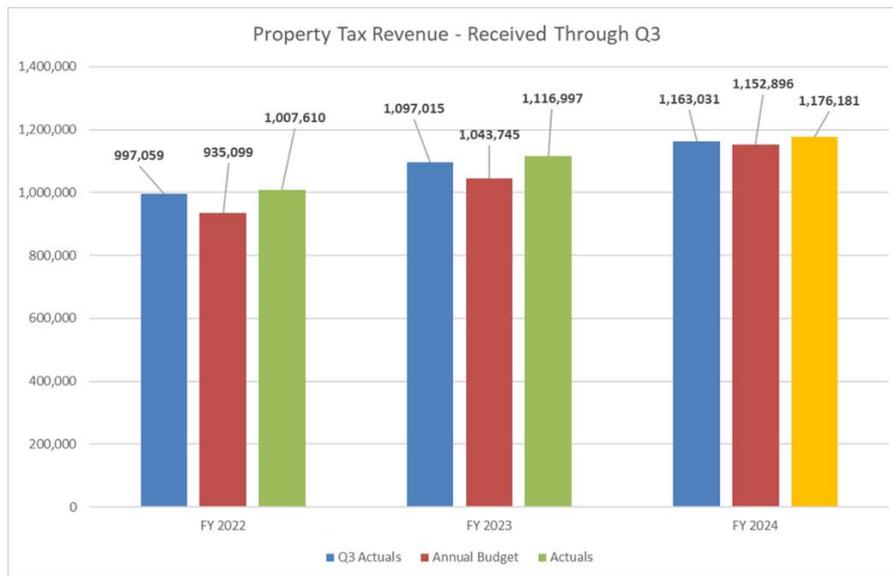
STAFF REPORT

| | |
|---------------------|--------------------------------|
| Date: | August 20, 2024 |
| Prepared By: | Rick Welch, Finance Director |
| Subject: | FY2024 – 9 Month Budget Update |

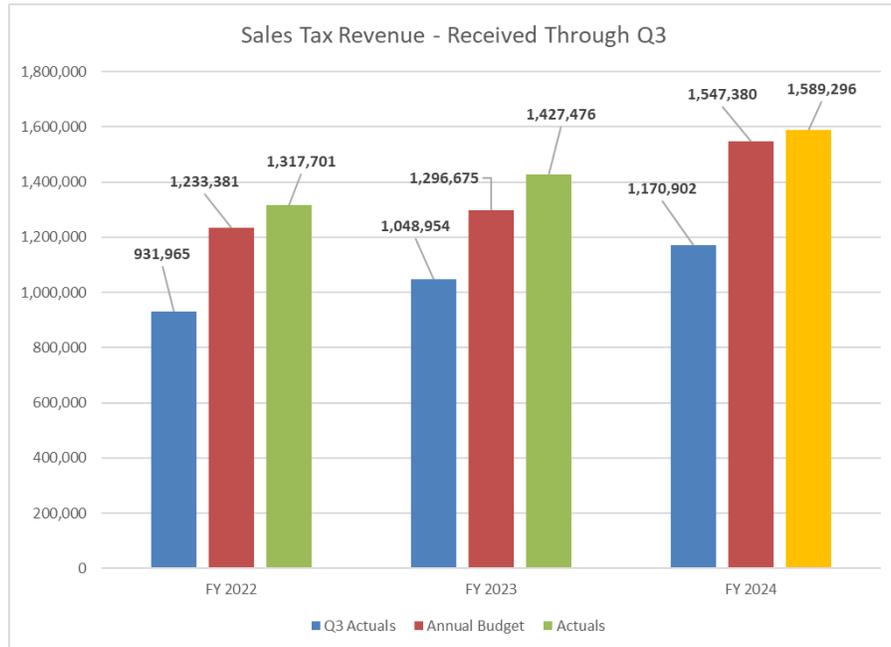
Through 9 months of the fiscal year, the City is performing well overall, from a fiscal standpoint. The increase in general fund revenues has outpaced the increase in expenditures. Board approved budget amendments have helped the City retain proper budget authority to make key capital equipment and project expenditures. Although a few capital projects have been completed in FY24, many of the projects have either started preliminary work or will be carried forward to FY25. Staff continue to monitor projects priority and those projects that are impacting multiple funds.

The City continues to enjoy strong revenue performance in the categories of sales tax, use tax, and interest earnings.

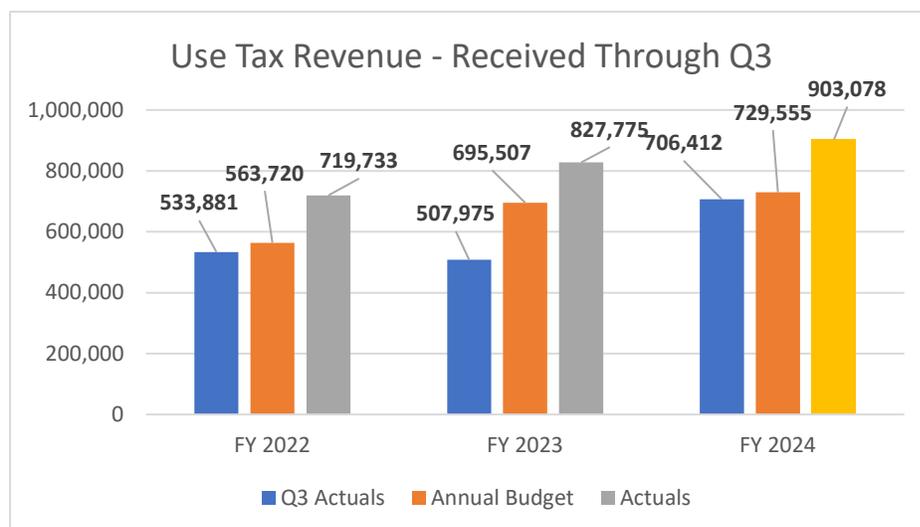
- **Property Tax:** property tax revenues have exceeded the FY24 budgeted amount of \$1,152,896. Over the last three years, property tax has steadily increased. Staff will monitor the Senior Real Estate Property Tax Relief Program for Clay County residents who are 62 years old or older. This program will open applications in January 2025 and have financial impact to the City in FY26. FY24 projection in orange.



- City Sales Tax:** the city sales tax continues to perform well and is projected to exceed the budget by \$41,916, seen as the orange column for FY24. Although sales tax has seen good growth over the last few years, staff will be monitoring the sales tax closely as recent months have seen slower growth. Fluctuations are common throughout the year but as staff prepares the FY25 budget, it is important to recognize temporary vs permanent trends.



- City Use Tax:** the city's use tax has performed very well in FY24, with projections exceeding FY24 budget by \$173,523, seen as the orange column for FY24. Use tax has seen moderate growth year over year.



Interest revenue is projected to outpace FY24 budget by \$277,000. Interest revenue will be monitored very closely over the next month, as the Federal Reserve has indicated rate cuts, possibly beginning in September 2024. Rate cuts will have a moderate impact on the FY25 budget.

After the first 9 months of fiscal activity, expenditures are currently projected to exceed the FY24 budget by \$306,000. Budget shortfalls regarding the rising costs of commodities, employee benefits, and repairs and maintenance have been recognized year to date. Staff will make necessary adjustments to the FY25 budget to close those variances. Unfortunately, maintenance repairs over and above budgeted expectations happen, as seen in FY24.

CWWS Fund

The CWWS Fund continues to increase as water and wastewater rate adjustments of 15% have been implemented. Water volume and wastewater volume revenues have come in as projected. Water and wastewater sales are projected to exceed the FY24 budget by \$97,000 and \$174,000, respectively.

Many projects will be carried forward to FY2025, which helps relieve financial pressure off the fund, including the timing of a future COP issuance. Project timelines are monitored continuously for priority. Staff recognizes the importance of certain capital projects while following Board direction of looking into privatization.

Special Sales Tax Funds

- *Transportation Sales Tax Fund:* The City completes the mill and overlay annual maintenance program and annual sidewalk program through this fund. Most of the Commercial Street Sidewalks, including a MARC reimbursement of \$960,000, will carryforward to FY25.
- *Capital Improvement Sales Tax Fund:* Streetscape Phase III and 1st Street and Bridge Round-A-Bout will carry forward to FY25 and beyond. This includes the \$1,488,000 MoDOT reimbursement.
- *Park & Stormwater Sales Tax:* Stonebridge Stormwater Engineering Improvements have been completed. Emerald Ridge Neighborhood Park & Signage and Stonebridge Stormwater Construction Improvements are both in progress. OK Railroad Trail, including a \$184,600 grant, will carry forward to FY25.



*City of
Smithville*

**9 Month Budget Update
August 20, 2024**

FY2024 Budget – Amendments Through Q3

FY2024 amendments approved by the Board:

- **Budget Amendment #1:** On November 20, 2023, \$732,000 of expenditures to the CWWS Fund. Expenditures are:
 - \$155,000 4th Street and 4th Terrace stormwater improvements
 - \$305,000 Quincy Boulevard stormwater improvements
 - \$200,000 Raw Water Pump Station construction
 - \$72,000 Playground Resurfacing at Smith's Fork Park and Heritage Park
- **Budget Amendment #2:** On March 5, 2024, \$30,000 of expenditures to the General Fund and \$200,831.87 of expenditures to the CWWS Fund. Expenditures are:
 - \$30,000 West Central Missouri Regional Lodge #50 of the Fraternal Order of Police
 - \$116,713.60 First and Bridge Street Waterline Improvement
 - \$28,000 manhole replacement on Maple Street
 - \$29,796.27 final cost of motive pump maintenance
 - \$26,322 waterline under 147th Street
- **Budget Amendment #3:** On May 7, 2024, \$45,375.63 of expenditures to the General Fund and \$15,753.93 of expenditures to the CWWS Fund. Expenditures are:
 - \$36,000.75 LAGERS upgrade to L-12 from L-7 (GF)
 - \$12,078.81 LAGERS upgrade to L-12 from L-7 (CWWS)
 - \$9,374.88 IT services upgrade (GF)
 - \$3,675.12 IT services upgrade (CWWS)

On May 7, 2024, \$460,000 of additional revenue and expenditures to the Transportation Sales Tax Fund and \$1,000,000 to the Capital Improvement Sales Tax Fund was approved as additional MARC grant funds were secured. Revenue and expenditures are:

- \$460,000 Commercial Street Sidewalk Project
 - \$1,000,000 Streetscape Phase III
- \$4,350,000 COP budgeted in CWWS fund, plus an additional \$2,344,510 for a total of \$6,694,610. Resolution 1307, go to market.



General Fund Review



| General Fund | FY2024 Budgeted | FY2024 Projections | FY2024 YTD | % of Budget Received |
|--------------|-----------------|--------------------|--------------|----------------------|
| Revenues | \$ 6,266,986 | \$ 6,674,967 | \$ 5,276,244 | 84.2% |

- The increase over budgeted FY2024 General Fund revenue are the result of better performance of property tax, sales tax, and interest earnings.

| General Fund | FY2024 Budgeted | FY2024 Projections | FY2024 YTD | % of Budget Received |
|--------------|-----------------|--------------------|--------------|----------------------|
| Expenditures | \$ 7,100,790 | \$ 7,406,812 | \$ 5,555,109 | 78.2% |

- The increase over budgeted FY2024 General Fund expenditures have been recognized with the rising costs of commodities, employee benefits, and repairs and maintenance.

| | Phase | Resolution | Contractor / Engineer | Status |
|---|--------------|------------|-----------------------|---------------|
| 4 th St & 4 th Terr Improvement | Construction | 1199 | Menke | Completed |
| Quincy Boulevard Improvements | Construction | 1221 | Amino Brothers | In Progress * |
| Annual Wayfinding Signage Installation | Construction | Upcoming | City Staff | Not Started |

* Project is currently in the punch list stage.

Property Tax Revenue

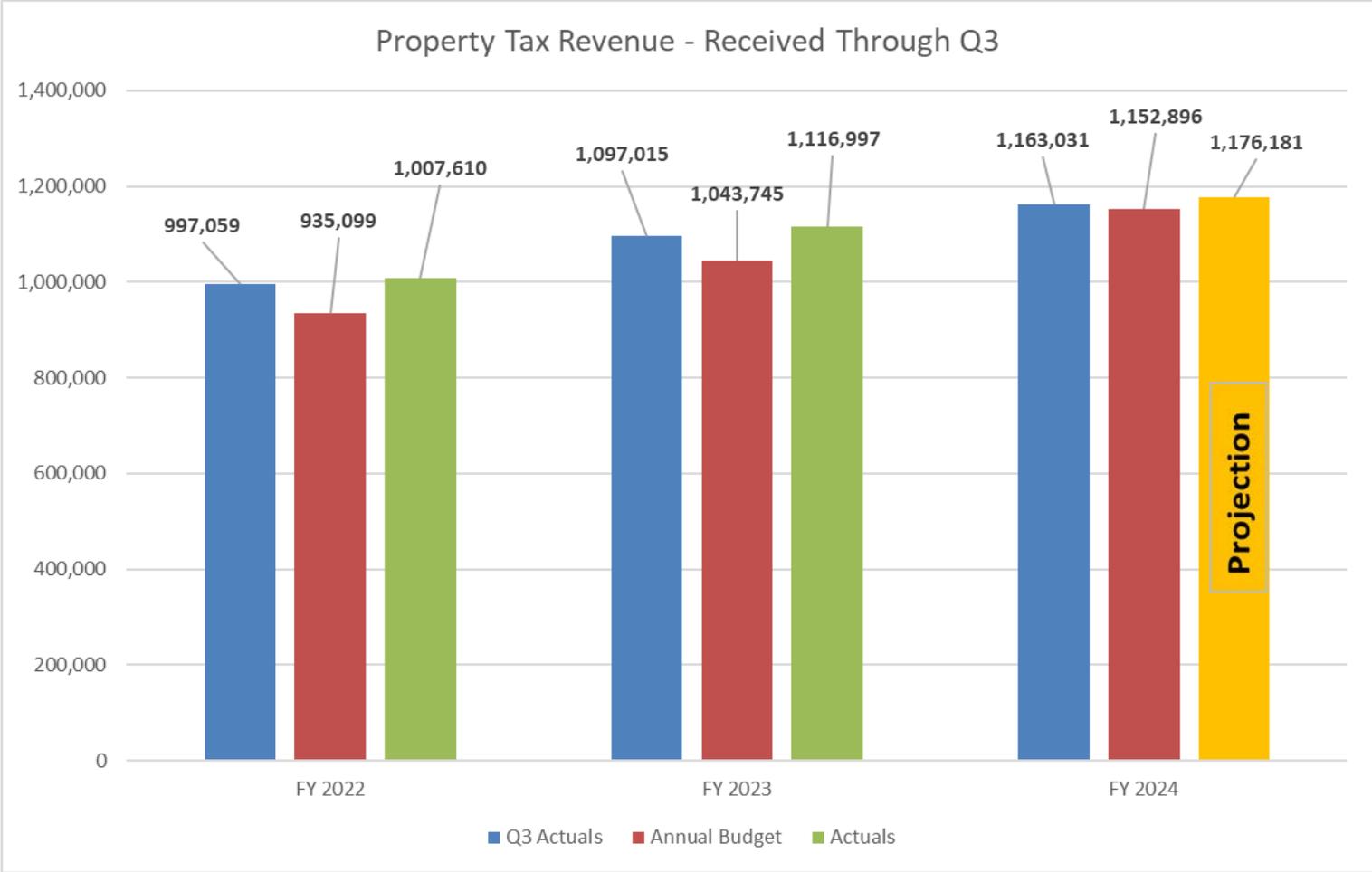


*Property Tax revenue comprises **20%** of General Fund revenues and plays a significant role in funding core City services and amenities*

| General Fund | FY2024 Budgeted | FY2024 Projections | FY2024 YTD | % of Budget Received |
|-----------------------|-----------------|--------------------|--------------|----------------------|
| Property Tax Revenues | \$ 1,152,896 | \$ 1,176,181 | \$ 1,163,536 | 100.9% |

- The City receives the majority of the property tax disbursement from Clay County in January of each year.
- The City, on average in the past 3 years, receives **99.6%** of annual property tax revenue by the 3rd quarter of the fiscal year.
- For the last five years, the City has seen an average annual increase in property tax revenues of about **6.3%**.

Property Tax Revenue 3-Year History



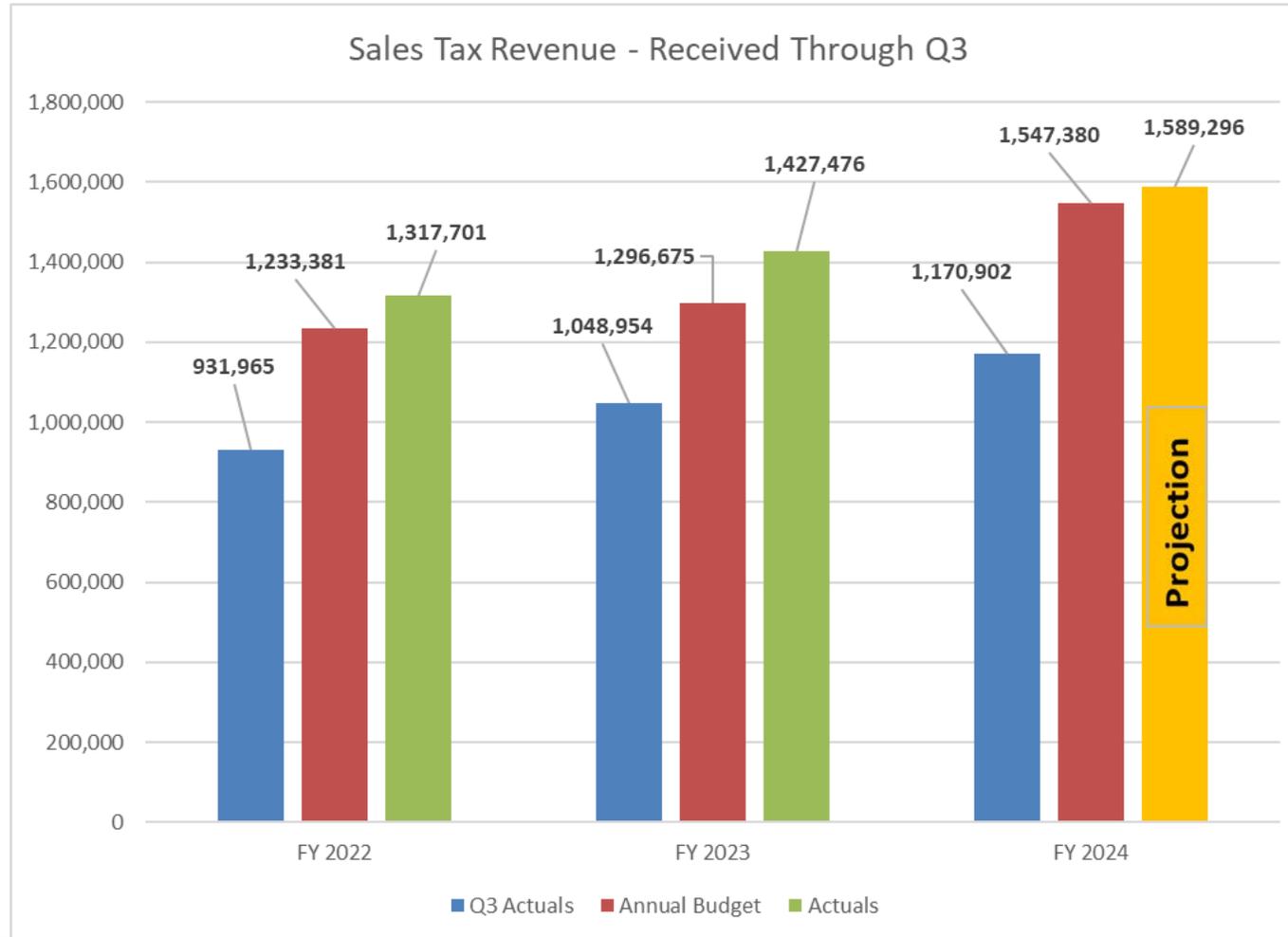
Sales Tax Revenue

| General Fund | FY2024 Budgeted | FY2024 Projections | FY2024 YTD | % of Budget Received |
|-------------------|-----------------|--------------------|--------------|----------------------|
| Sales Tax Revenue | \$ 1,547,380 | \$ 1,589,296 | \$ 1,170,902 | 75.7% |

- The City, on average in the past 3 years, receives **73%** of sales tax annual revenue by the 3rd quarter of the fiscal year.
- This data reflects the monthly transfer of TIF EATs from the General Fund to the Special Allocation Fund (Marketplace TIF).



Sales Tax Revenue 3-Year History



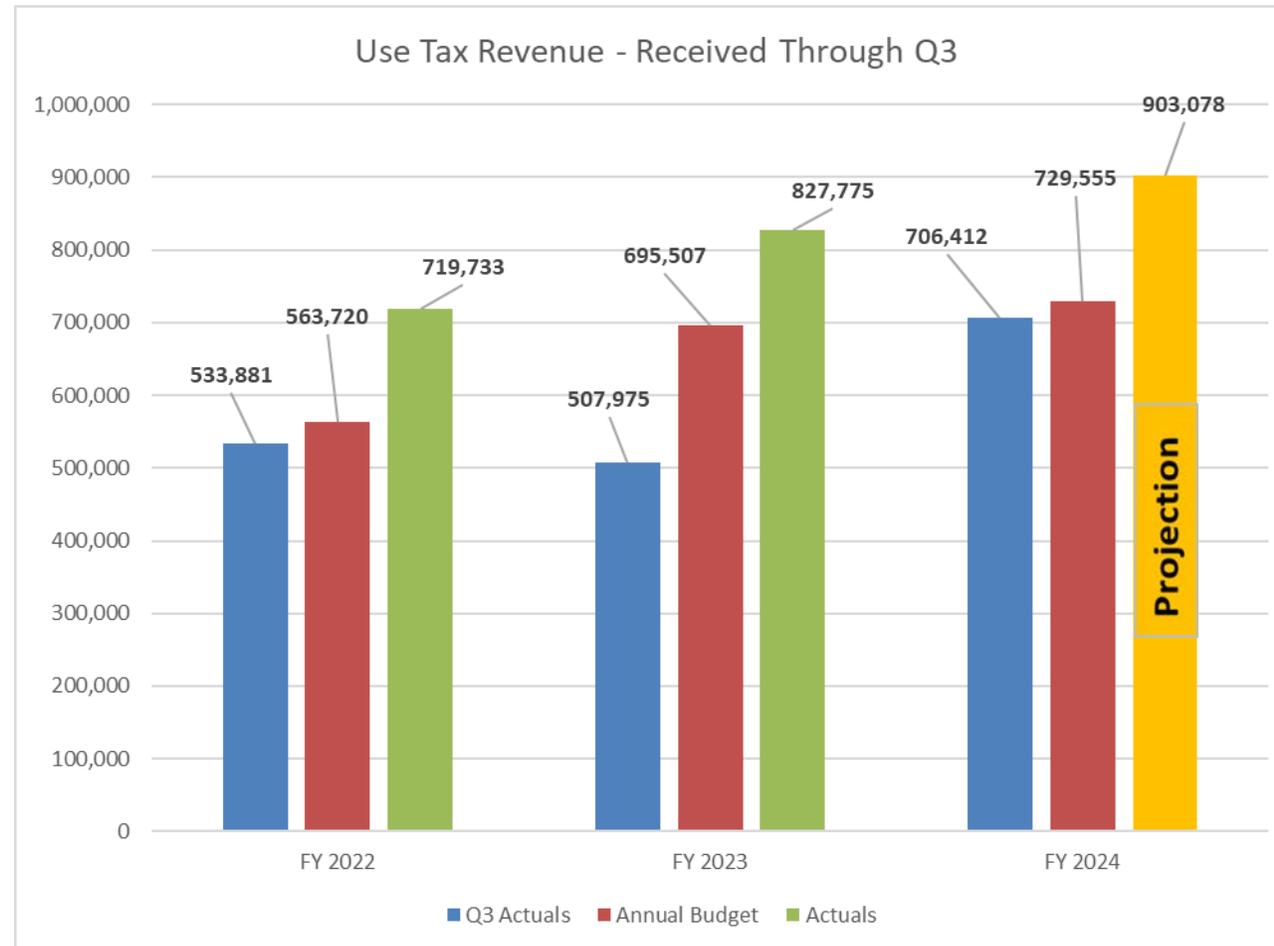
Use Tax Revenue

| General Fund | FY2024 Budgeted | FY2024 Projections | FY2024 YTD | % of Budget Received |
|-----------------|-----------------|--------------------|------------|----------------------|
| Use Tax Revenue | \$ 729,555 | \$ 903,078 | \$ 706,412 | 96.8% |

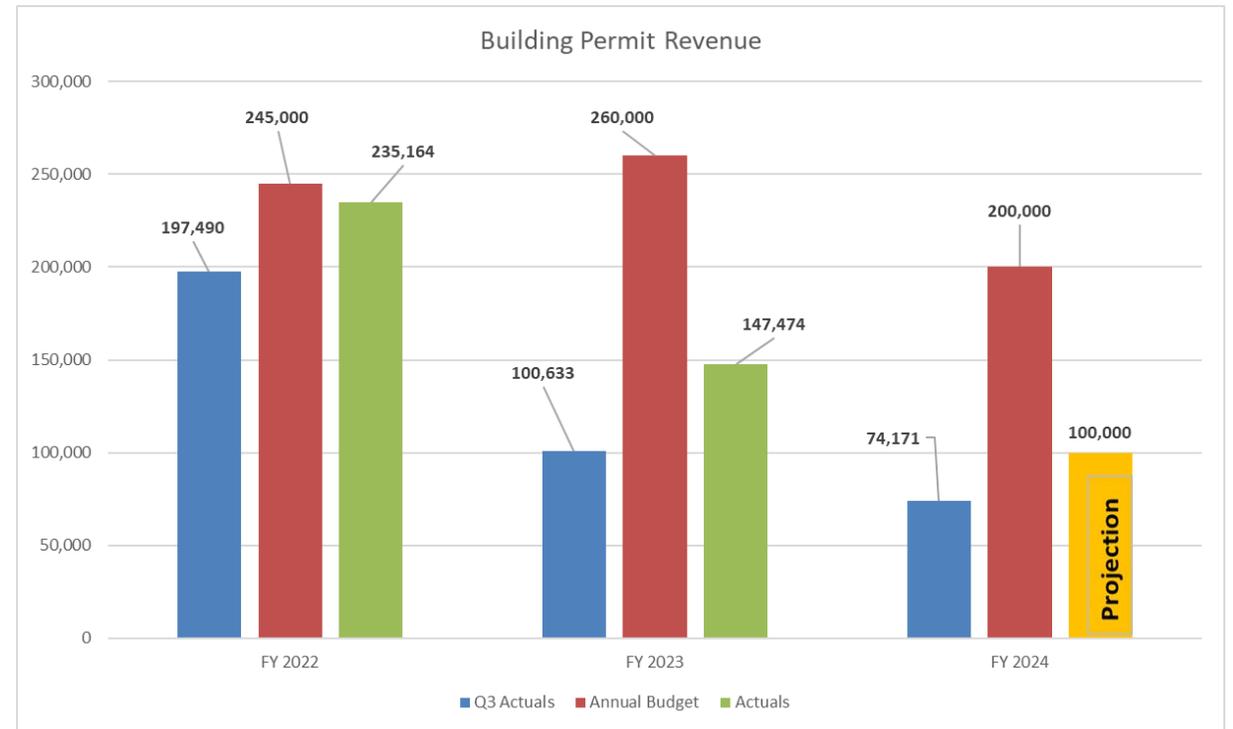
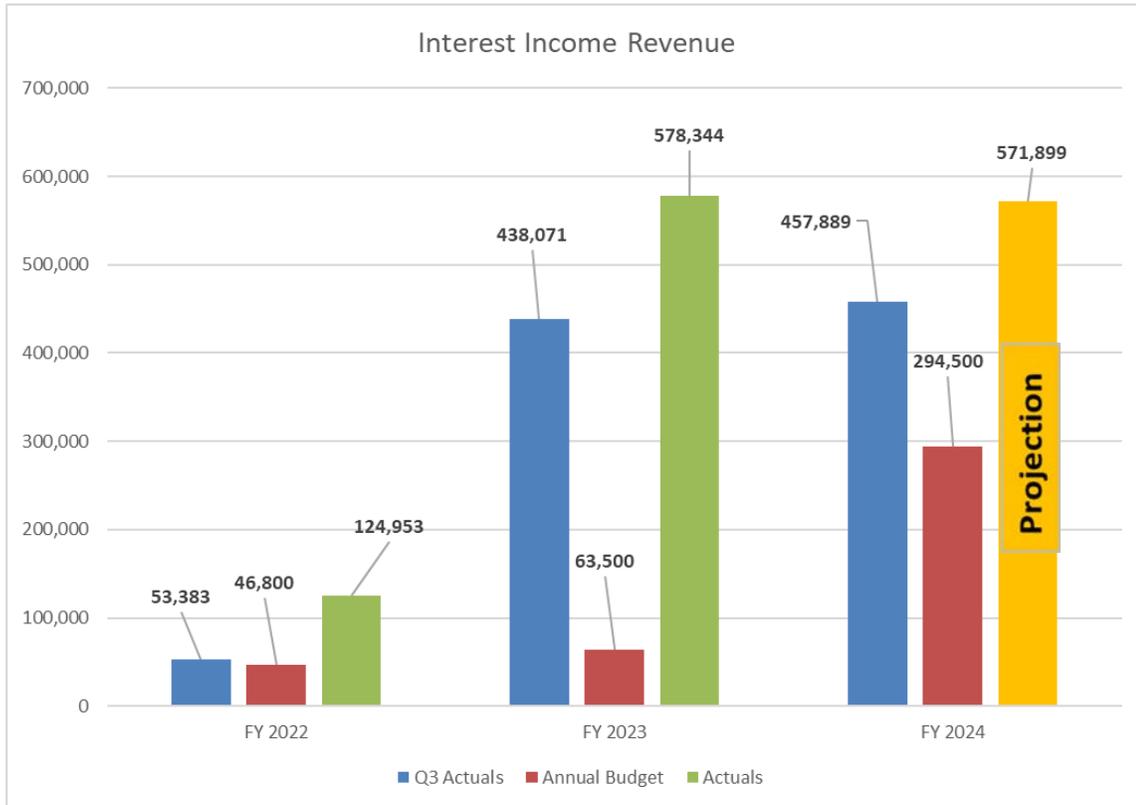
- The City, on average in the past 3 years, receives **75%** of use tax annual revenue by the 3rd quarter of the fiscal year.



Use Tax Revenue 3-Year History



General Fund Revenues – Areas of Impact



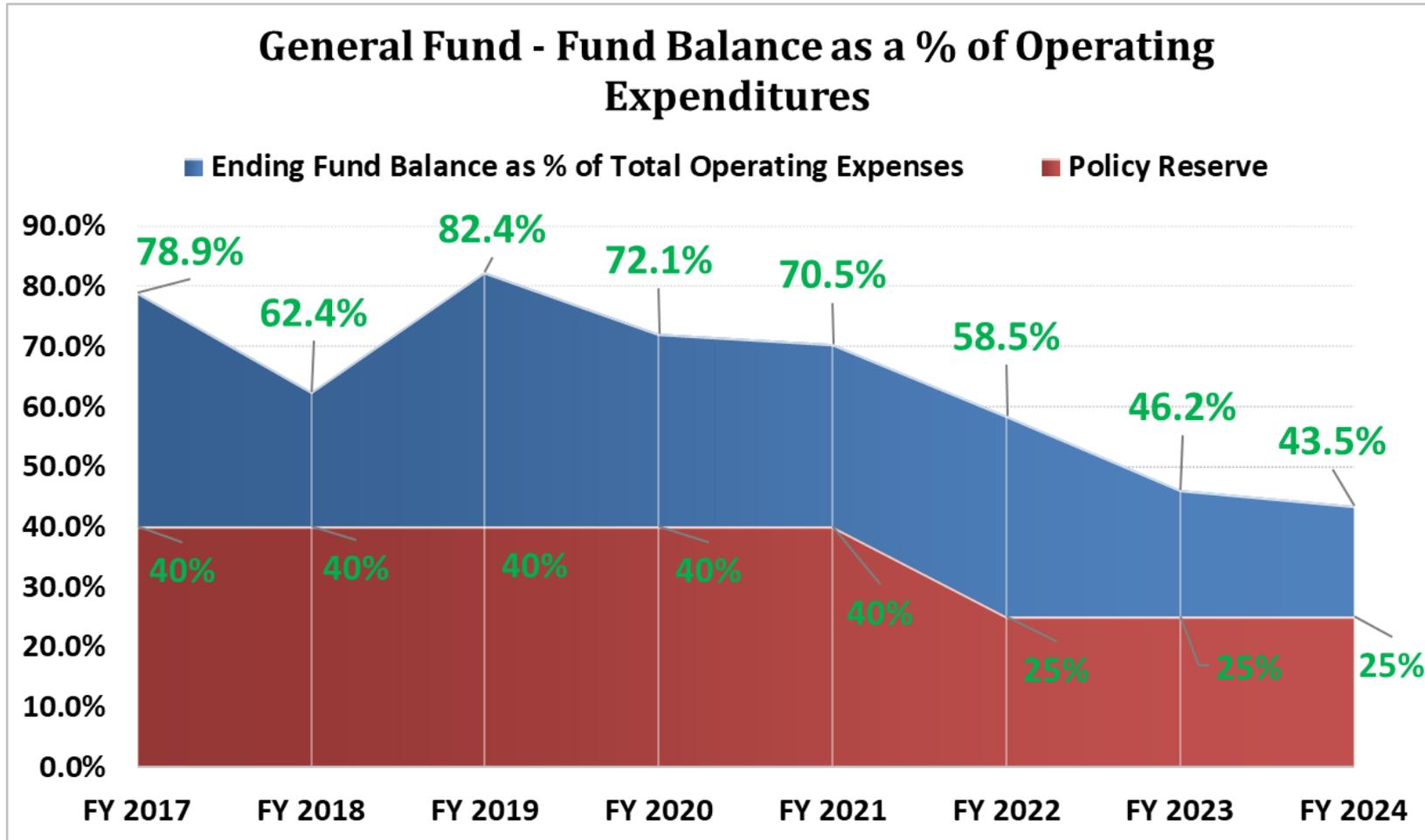
General Fund – Bottom Line

| | Actual FY2023 | Budgeted FY2024 | Projected FY2024 |
|----------------------------|------------------|--------------------|---------------------|
| Beginning Fund Balance | 3,425,221 | 3,951,294 | 3,951,294 |
| Total Revenues | 6,569,620 | 6,266,986 | 6,674,967 |
| Total Expenses | 6,043,547 | 7,100,790 | 7,406,812 |
| Net Change in Fund Balance | 526,073 | (833,804) | (731,845) |
| Ending Fund Balance | 3,951,294 | 3,117,490 | 3,219,449 |
| | | | 101,959 |

Projected fund balance over budget.

*Projected includes budget amendments.

General Fund – Projected Fund Balance Analysis



Capital Improvement Sales Tax Fund

| Capital Improvement Sales Tax | FY2024 Budgeted | FY2024 Projections | FY2024 YTD | % of Budget Received | % of Projected |
|-------------------------------|-----------------|--------------------|------------|----------------------|----------------|
| Revenue | \$ 2,240,750 | \$ 762,742 | \$ 576,021 | 25.7% | 75.5% |

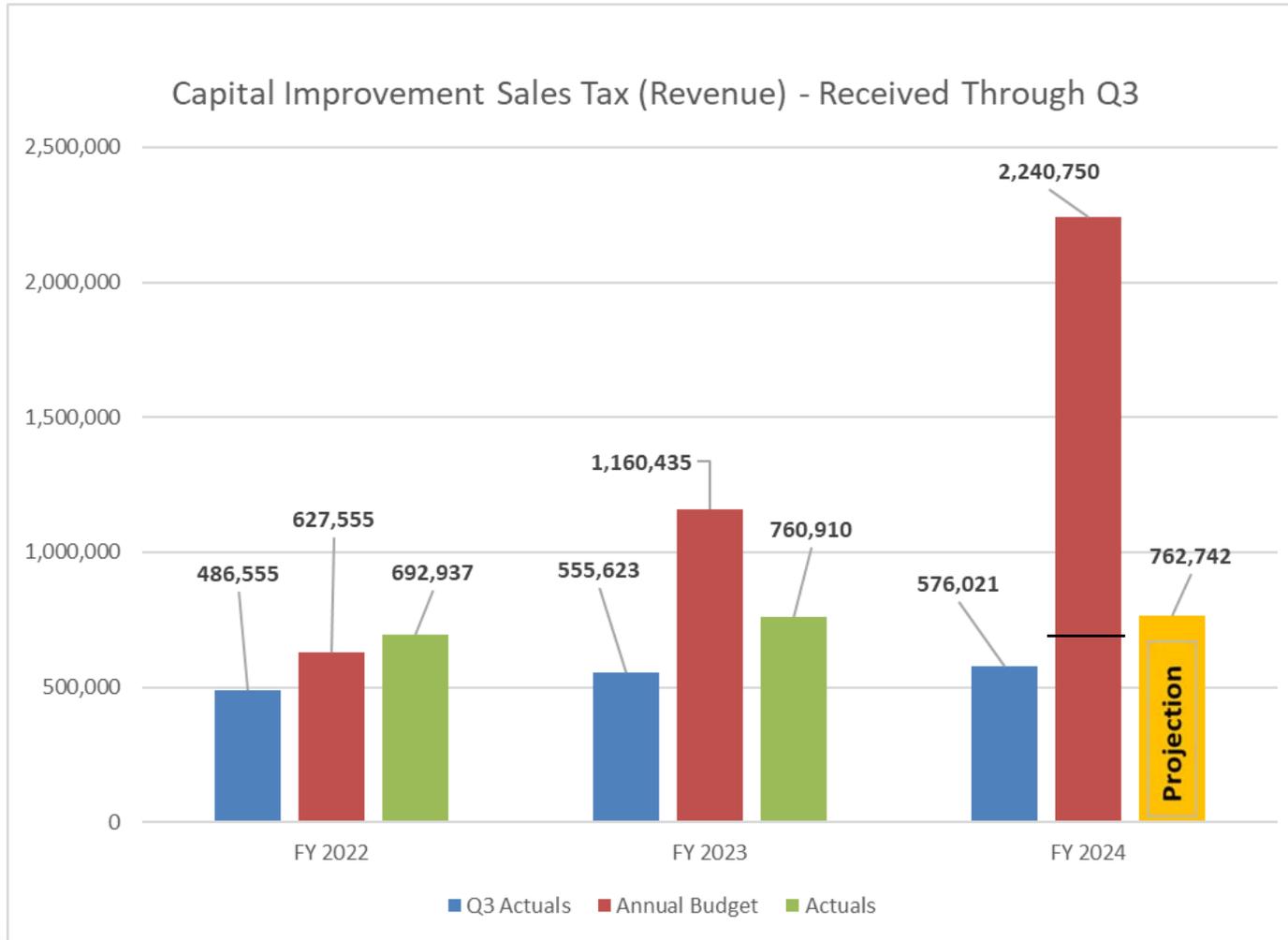
- Projection include CIP that will carry forward to FY25, including a MoDOT reimbursement included in FY24 revenue in the amount of \$1,488,000.

| Capital Improvement Sales Tax | FY2024 Budgeted | FY2024 Projections | FY2024 YTD | % of Budget Received | % of Projected |
|-------------------------------|-----------------|--------------------|------------|----------------------|----------------|
| Expenditure | \$ 1,906,340 | \$ 418,340 | \$ 181,054 | 9.5% | 43.3% |

- Projection includes CIP project expenditures that will carry forward to FY25.

| CIST Funded Capital Project | Phase | Resolution | Contractor / Engineer | Status |
|------------------------------------|--------------|------------|-----------------------|-------------|
| Riverwalk Park & Trail | Engineering | 1321 | GBA | In Progress |
| 2nd Creek Sidewalks | Engineering | 1321 | GBA | In Progress |
| Downtown Streetscape Phase III | Construction | Upcoming | TBD | Bid Awarded |
| 1st Street and Bridge Round-A-Bout | TBD | Upcoming | To Be Decided | Agenda Item |

Capital Improvement Sales Tax Fund 3-Year History



FY24 budget includes a MoDOT reimbursement of \$1,488,000. The line in the budget column represents where budget would be where budget would be without the \$1,488,000 reimbursement.

FY23 budget included a MoDOT reimbursement of \$488,000.

Both years the project has been rolled into the following year, including the reimbursement.

Transportation Sales Tax Fund

| Transportation Sales Tax | FY2024 Budgeted | FY2024 Projections | FY2024 YTD | % of Budget Received | % of Projected |
|--------------------------|-----------------|--------------------|------------|----------------------|----------------|
| Revenue | \$ 1,627,450 | \$ 682,217 | \$ 529,175 | 32.5% | 77.6% |

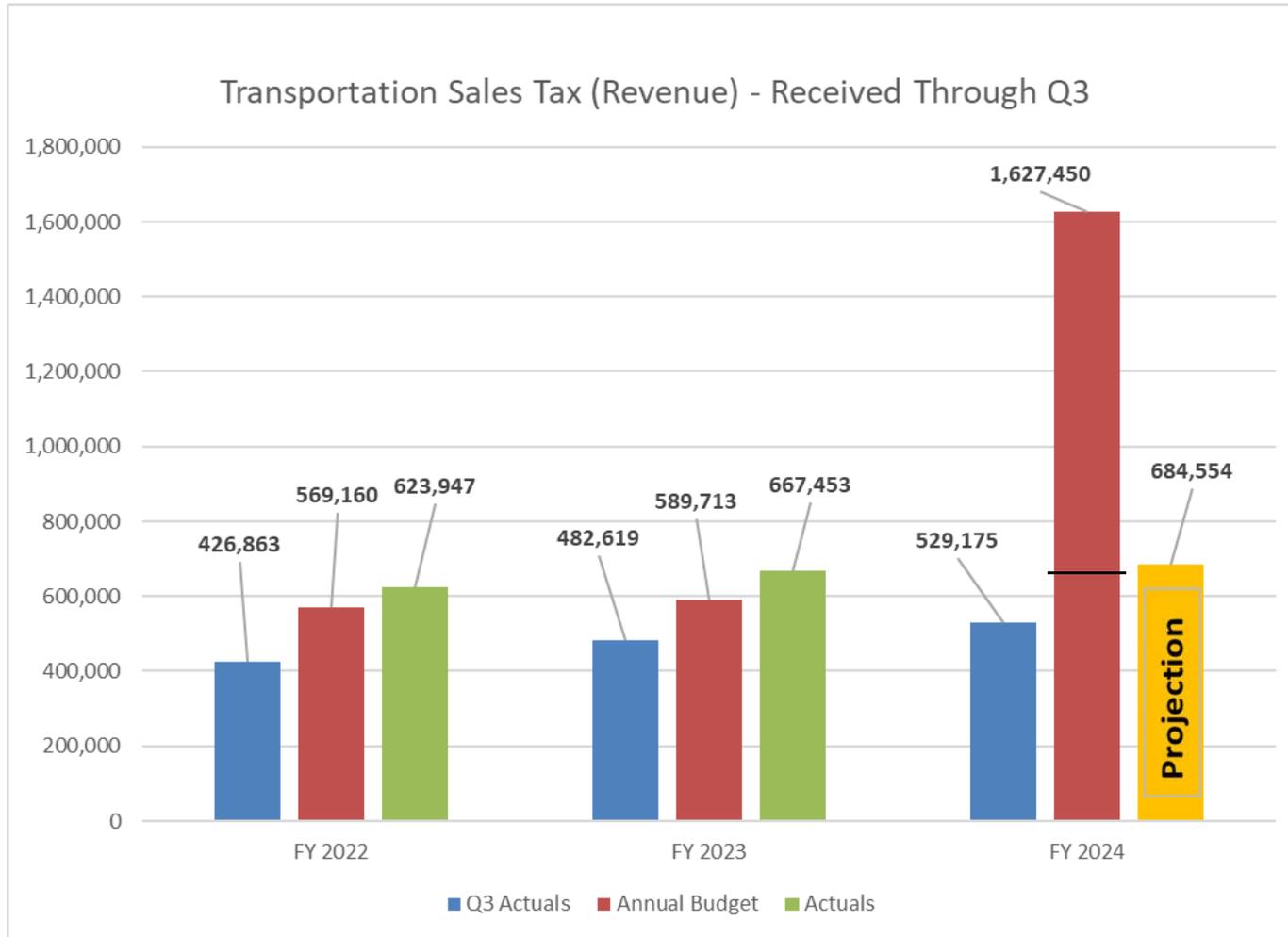
- Projection includes CIP that will carryforward to FY25, including a MARC reimbursement included in FY24 revenue in the amount of \$960,000.

| Transportation Sales Tax | FY2024 Budgeted | FY2024 Projections | FY2024 YTD | % of Budget Received | % of Projected |
|--------------------------|-----------------|--------------------|------------|----------------------|----------------|
| Expenditure | \$ 1,699,140 | \$ 739,140 | \$ 555,132 | 32.7% | 75.1% |

- Projection includes Commercial Street Sidewalk expenditures that will carry forward to FY25.

| TST Funded Capital Project | Phase | Resolution | Contractor / Engineer | Status |
|---|--------------|------------|-----------------------|-------------|
| Annual Asphalt Overlay Program | Construction | 1323 | Asphaltic Surfaces | Completed |
| Annual Sidewalk Replacement Program | Construction | Upcoming | KC Concrete | Completed |
| Commercial Street Sidewalks (grant for \$960,000) | Construction | Upcoming | To Be Decided | Agenda Item |

Transportation Sales Tax Fund 3-Year History



FY24 budget includes a MARC reimbursement of \$960,000. The line in the budget column represents where budget would be without the \$960,000 reimbursement.

The project will carry forward into the following year, including the reimbursement.

Combined Water & Wastewater Fund

| CWWS Fund | FY2024 Budgeted | FY2024 Projections | FY2024 YTD | % of Budget Received | % of Projected |
|-----------|-----------------|--------------------|--------------|----------------------|----------------|
| Revenue | \$ 10,683,600 | \$ 6,618,941 | \$ 4,687,514 | 43.9% | 70.8% |

- Projection revenues do not include COP proceeds.

| CWWS Fund | FY2024 Budgeted | FY2024 Projections | FY2024 YTD | % of Budget Received | % of Projected |
|-------------|-----------------|--------------------|--------------|----------------------|----------------|
| Expenditure | \$ 15,704,620 | \$ 5,937,039 | \$ 3,460,529 | 22.0% | 58.3% |

- Projection expenditures do not include the majority of FY24 CIP projects, which will carryforward to FY25.

Combined Water & Wastewater CIP

| CWWS Funded Capital Project | Phase | Resolution | Contractor / Engineer | Status |
|---|--------------|------------|---------------------------------|-------------|
| 2024 Sewer Rehabilitation Program | Maintenance | 1300 | SAK | Completed |
| 1st and Bridge Street Watermain Improvements | Construction | Upcoming | Engleman Construction | Completed |
| Complete Auth 99 - WTP Improvements / Residuals | Engineering | 1208 | HDR Engineering | Completed |
| Complete Auth 94 - West Bypass of 144th St Lift Station | Engineering | 987 | HDR Engineering | In progress |
| Complete Auth 92 - Smith's Fork Pump Station | Engineering | 1197 | HDR Engineering | In progress |
| Complete Auth 97 - River Cross / Maple Ln Waterline | Engineering | 1138 | HDR Engineering | In progress |
| Complete Auth 98 - Owens Branch Sanitary Sewer | Engineering | 1176 | HDR Engineering | In progress |
| West Bypass of the 144th Street Lift Station | Construction | Upcoming | TBD | In progress |
| 144 th Street Lift Station | Construction | Upcoming | TBD | In progress |
| Est. Remaining Contract - Smith's Fork Force Main | Construction | Upcoming | TBD | In progress |
| Maple Lane & River Crossing (12" Waterline) | Construction | Upcoming | TBD | In progress |
| Headworks Bar Screen | Construction | 1309 | Ross Construction | In progress |
| Authorization 101 - Stonebridge Lift Station | Engineering | 1258 | HDR Engineering | In progress |
| Stonebridge Lift Station (SSD Cost Sharing) | Construction | Upcoming | TBD | In progress |
| Lagoon Cleaning & Liner Repair | Construction | 1299 | Richardson Construction Company | Bid Awarded |
| Water Plant Improvements | Construction | Upcoming | Ross Construction | Bid Awarded |



Water & Wastewater Sales Revenue



Bob and Tonie's retirement

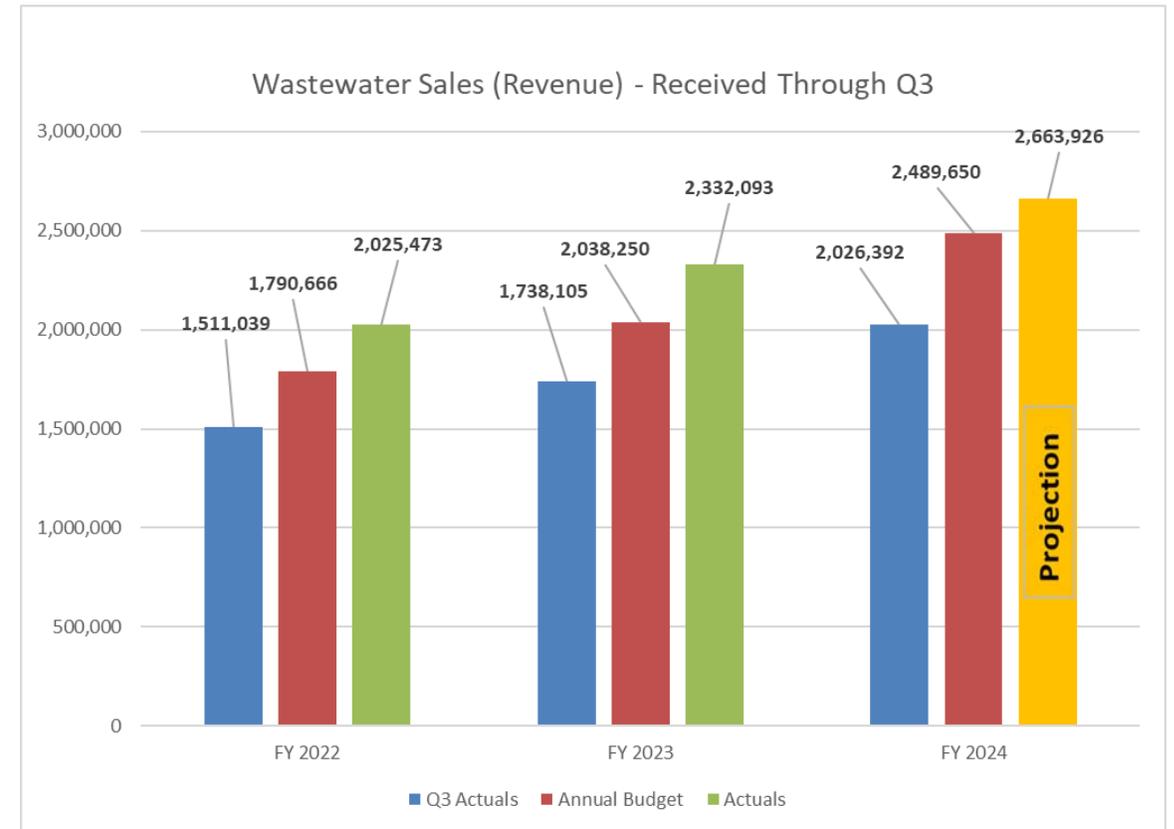
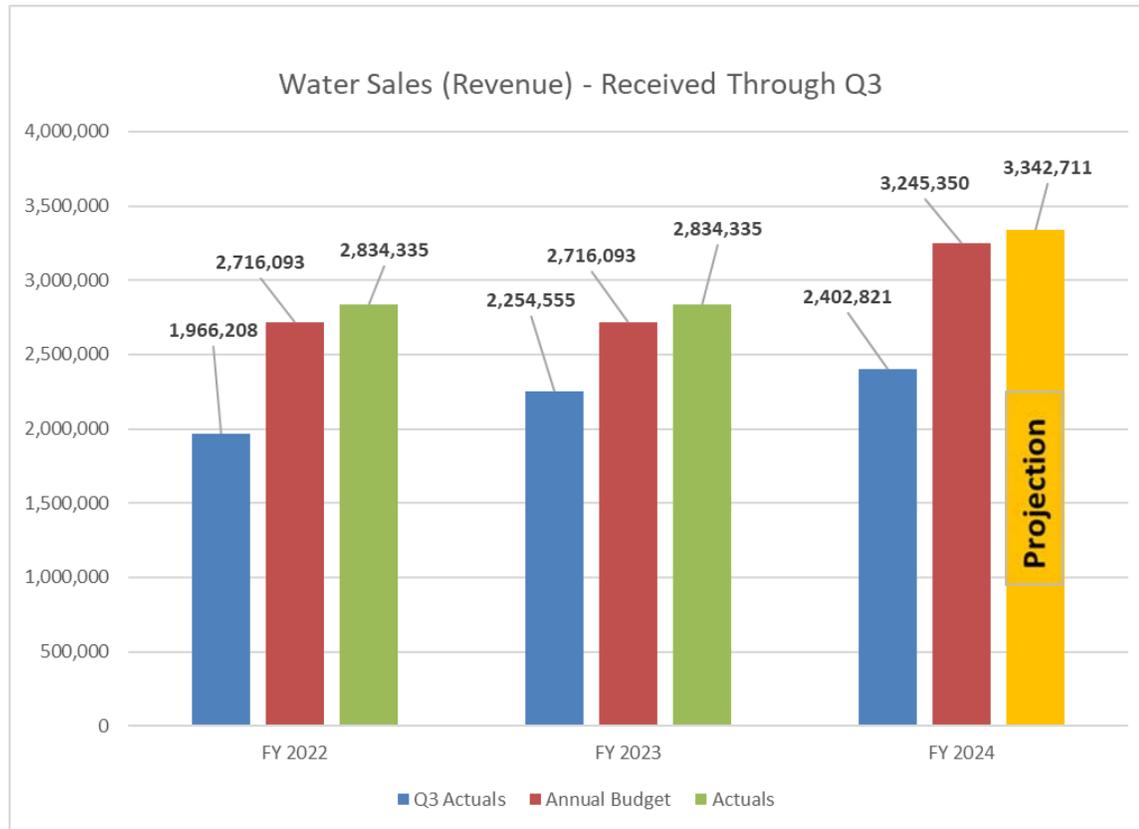
| CWWS Fund | FY2024 Budgeted | FY2024 Projections | FY2024 YTD | % of Budget Received |
|-------------|-----------------|--------------------|--------------|----------------------|
| Water Sales | \$ 3,245,350 | \$ 3,342,711 | \$ 2,402,821 | 74.0% |

- The City, on average in the past 3 years, receives 71% of water sales annual revenue by the 3rd quarter of the fiscal year.

| CWWS Fund | FY2024 Budgeted | FY2024 Projections | FY2024 YTD | % of Budget Received |
|------------------|-----------------|--------------------|--------------|----------------------|
| Wastewater Sales | \$ 2,489,650 | \$ 2,663,926 | \$ 2,026,392 | 81.4% |

- The City, on average in the past 3 years, receives 75% of wastewater sales annual revenue by 3rd quarter of the fiscal year.

Water & Wastewater Sales Revenue 3-Year History



CWWS Fund – Bottom Line

| | Actual FY 2023 | Budgeted FY 2024 | Projected FY 2024 |
|----------------------------|-------------------|---------------------|----------------------|
| Beginning Fund Balance | 7,123,744 | 6,589,526 | 6,589,526 |
| Total Revenues | 6,104,757 | 10,683,600 | 6,618,941 |
| Total Expenses | 6,638,976 | 15,704,620 | 5,937,039 |
| Net Change in Fund Balance | (534,218) | (5,021,020) | 681,902 |
| Ending Fund Balance | 6,589,526 | 1,568,506 | 7,271,428 |
| | | | 5,702,922 |

Projected fund balance over budget.

*Projected includes budget amendments.

Sanitation Fund



| Sanitation Fund | FY2024 Budgeted | FY2024 Projections | FY2024 YTD | % of Budget Received |
|-----------------|-----------------|--------------------|------------|----------------------|
| Revenue | \$ 938,757 | \$ 920,573 | \$ 690,430 | 73.5% |

- The City, on average in the past 3 years, receives **73%** of solid waste annual revenue by the 3rd quarter of the fiscal year.

| Sanitation Fund | FY2024 Budgeted | FY2024 Projections | FY2024 YTD | % of Budget Received |
|-----------------|-----------------|--------------------|------------|----------------------|
| Expenditure | \$ 931,805 | \$ 924,397 | \$ 693,298 | 74.4% |

- The City also pays to participate in the Household Hazardous Waste collection program (paid for in Q1 every year) administered by MARC which is funded by the Sanitation Fund.

Park & Stormwater Sales Tax Fund

| Park & Stormwater Sales Tax | FY2024 Budgeted | FY2024 Projections | FY2024 YTD | % of Budget Received | % of Projected |
|-----------------------------|-----------------|--------------------|------------|----------------------|----------------|
| Revenue | \$ 933,750 | \$ 752,156 | \$ 574,618 | 61.5% | 76.4% |

- Projections adjusted for CIP that will roll into FY25, including grant revenue of OK Railroad Trails.

| Park & Stormwater Sales Tax | FY2024 Budgeted | FY2024 Projections | FY2024 YTD | % of Budget Received | % of Projected |
|-----------------------------|-----------------|--------------------|------------|----------------------|----------------|
| Expenditure | \$ 1,021,000 | \$ 618,577 | \$ 461,834 | 45.2% | 74.7% |

| PST Funded Capital Project | Phase | Resolution | Contractor / Engineer | Status |
|---|--------------|------------|-----------------------|-------------|
| Stonebridge Stormwater Improvements | Engineering | 1304 | GBA | Completed |
| Emerald Ridge Neighborhood Park & Signage | Construction | Upcoming | To Be Decided | In Progress |
| Stonebridge Stormwater Improvements | Construction | Upcoming | Tunks | In Progress |
| The "OK Railroad" Trail (grant for \$184,600) | Engineering | Upcoming | In house | Not Started |

Vehicle & Equipment Replacement Fund



| VERF | FY2024 Budgeted | FY2024 Projections | FY2024 YTD | % of Budget Received |
|---------|-----------------|--------------------|------------|----------------------|
| Revenue | \$ 374,398 | \$ 373,851 | \$ 373,851 | 99.9% |

- The VERF received \$249,000 transfer into the fund for annual operational support in FY24.
- The VERF realized revenue from vehicle sales of \$ 124,851.

| VERF | FY2024 Budgeted | FY2024 Projections | FY2024 YTD | % of Budget Received |
|-------------|-----------------|--------------------|------------|----------------------|
| Expenditure | \$ 423,547 | \$ 465,487 | \$ 360,487 | 85.1% |

- Through July 31, 2024, the City is leasing **38 vehicles** with Enterprise Fleet Management. This represents all the vehicles that will be placed with Enterprise, other than future organic growth.

9-Month Budget Review

Concluding Remarks



Revenues

- General Fund revenues continue to forecast above budget, especially with sales tax, use tax, and interest earnings.
- Water and wastewater revenue in the CWWS Fund is slightly above budget.

Expenditures

- Inflation remains a significant factor impacting department operational budgets, particularly in areas such as commodities, employee benefits, and repairs and maintenance.

Budget Carryforward to FY2025

- Funds for CIP projects planned for FY2024 will carry forward to FY2025. This has no negative effect on fund balance as the planned expenditures move to the following year.