



City of Smithville, Missouri

Board of Aldermen - Work Session Agenda

Tuesday, March 5, 2024

6:00 p.m. – City Hall Council Chambers and Via Videoconference

Anyone who wishes to view the meeting may do so in real time as it will be streamed live on the City's FaceBook page.

For Public Comment via Zoom, please email your request to the City Clerk at ldrummond@smithvillemo.org prior to the meeting to be sent the meeting Zoom link.

- 1. Call to Order**
- 2. Discussion of 3-Month FY2024 Budget – General Fund**
- 3. Adjourn**

Join Zoom Meeting
<https://us02web.zoom.us/j/88264710119>

Meeting ID: 882 6471 0119
Passcode: **236493**



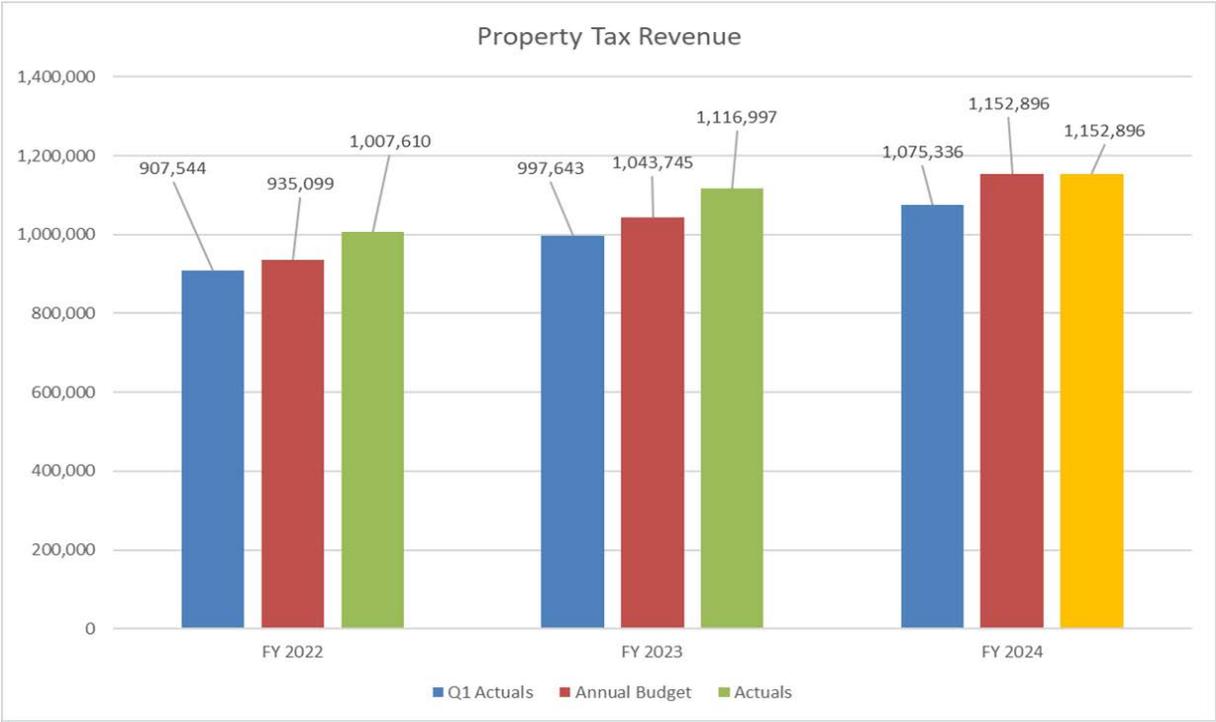
	<div style="display: flex; justify-content: space-between; align-items: center;"> <div style="background-color: #76923c; color: white; padding: 5px 10px; font-weight: bold;">STAFF</div> <div style="background-color: #004a7c; color: white; padding: 5px 10px; font-weight: bold;">REPORT</div> </div>
Date:	March 5, 2024
Prepared By:	Rick Welch, Finance Director
Subject:	FY2024 1 st Quarter Fiscal Update – General Fund
Staff Report:	Finance Department

Q1 FY2024 – General Fund Budget Performance

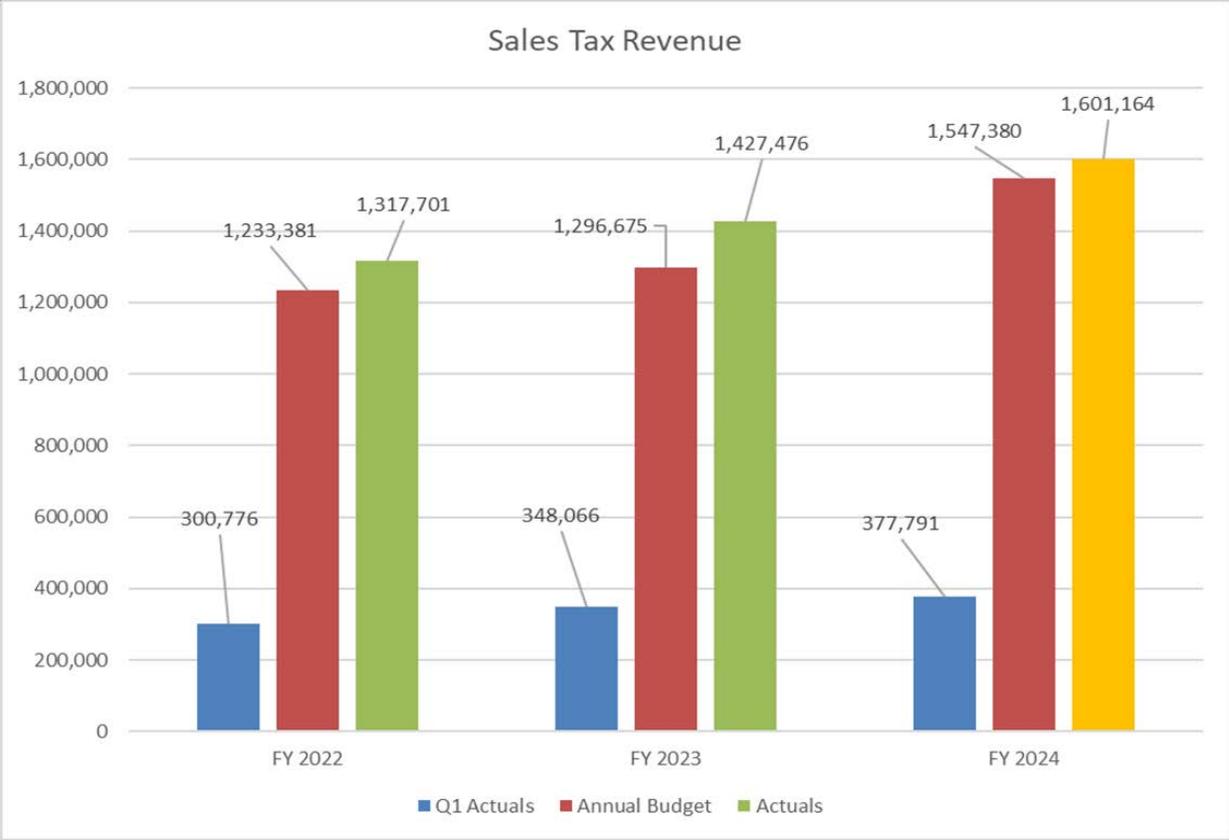
Revenue Highlights

Through the first 3 months of the FY2024 Budget, the City's revenues have performed well, and expenditures are tracking close to budget. Currently, General Fund revenues are projected at an amount of \$6,473,346 with a budgeted amount of \$6,266,986. General Fund expenditures are projected at \$7,145,855 with a budgeted amount of \$7,100,790. FY 2024 projections are shown in orange below.

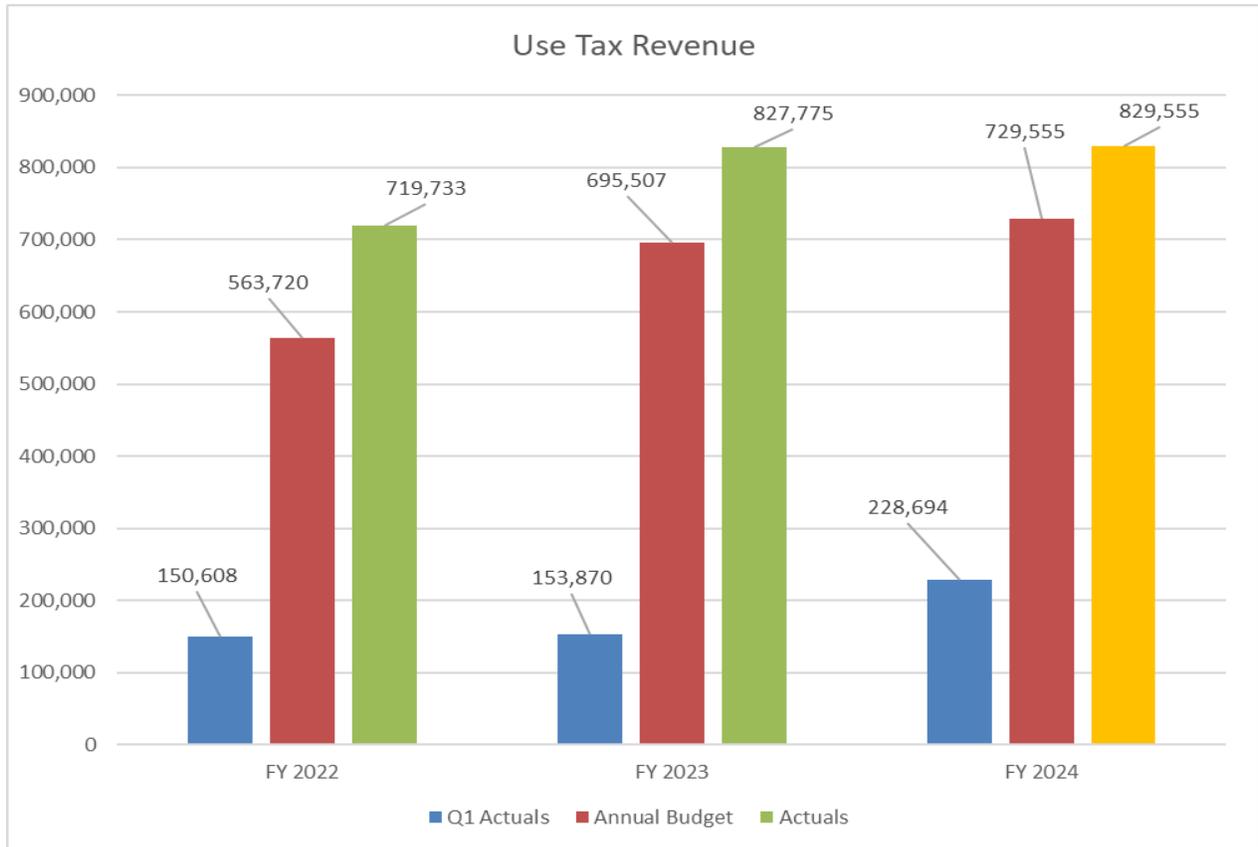
Property Tax has continued to rise over the past 5 years. The average annual growth of property tax from FY 2019 to the amount projected to be received in FY 2024 is 6.93%. Property tax is expected to reach the budgeted amount of \$1,152,896.



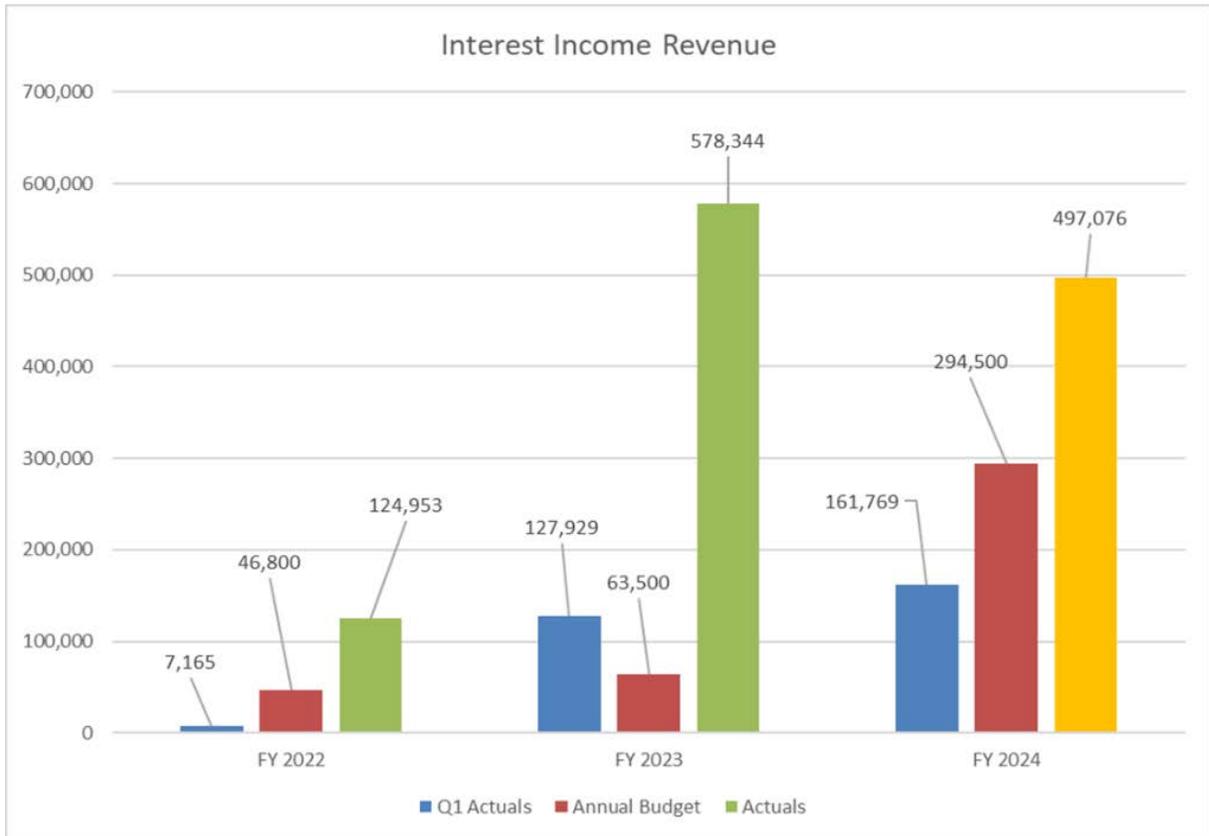
Sales tax has also continued to rise over the past 5 years as the Smithville local economy has continued to grow. Sales tax has grown 8.32% annually each year beginning in FY 2019 and continuing on through FY 2024. Sales tax is expected to exceed the budgeted amount of \$1,601,164.



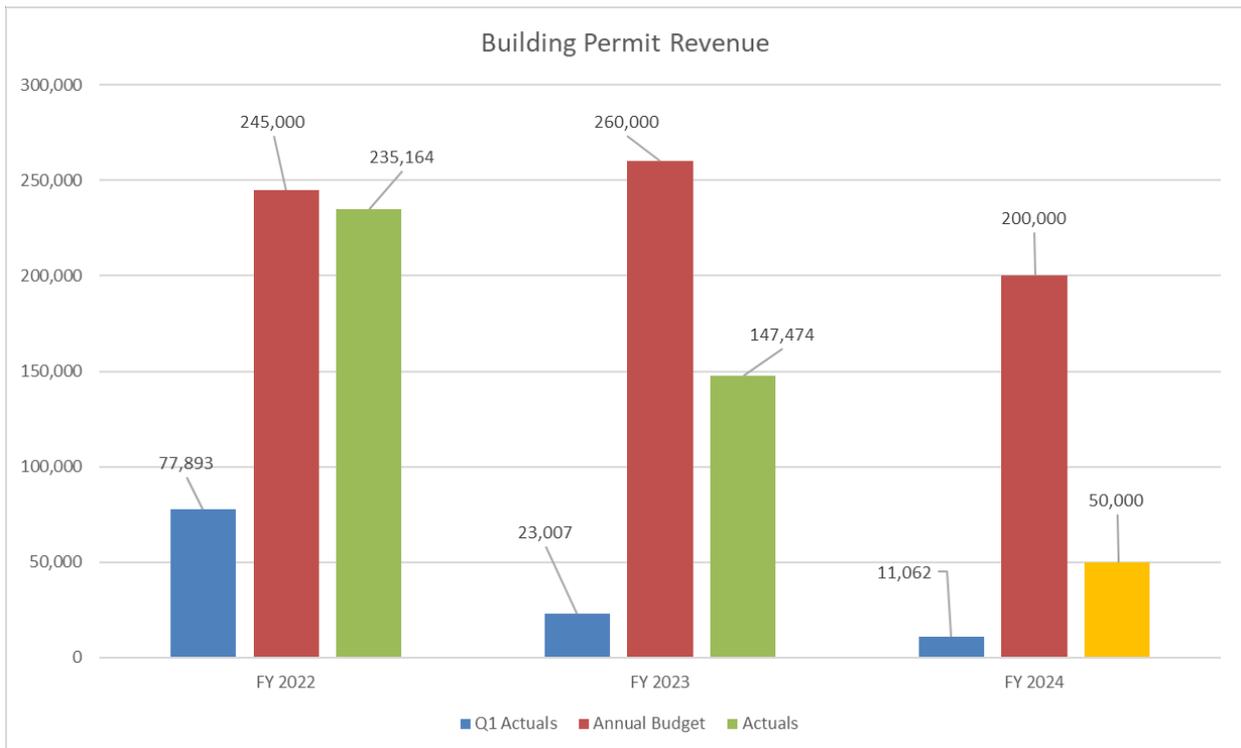
Use tax has also continued to rise over the past 5 years as consumers move to online purchasing. Use tax has grown 22.86% annually each year beginning in FY 2019 and continuing on through FY 2024. Use tax is expected to exceed the budgeted amount of \$729,555.



The City's interest rate is set to float with the Treasury Bill rate. With interest rates on the rise, these earnings have exceeded the budget for the last three years. Staff will continue to monitor these earnings and the positive impact they have on the General Fund.



Building permits are down in Q1 2024 compared to previous years. Through Q1 of 2024, the City has received \$11,061 in building permit revenue, compared to higher amounts in previous years. As interest rates have increased and available land/parcels to building upon have decreased, the City has seen less new residential development recently. Commercial permits have also been comprised due to interest rates. Weather conditions typically hamper Q1 permit revenue.



Expenditure Highlights

General Fund expenditures are predominantly salaries and benefits. As of February 2024, the City had a few vacancies, primarily in the police department. At this time, it is anticipated that General Fund expenditures will be slightly above budget for the year.

Other expenditures that affect General Fund expenditures are materials and services, grants, and capital expense. The City continues to monitor commodity costs and reviews opportunities for grants.



**FY 2024 Budget
1st Quarter Financial Update
General Fund
BOA Work Session
March 5, 2024**

FY2024 Budget Comments



- FY 2024 budget figures include budget amendments approved by the Board:
 - **23%** of wage related expenses have been paid through **6** of **26** fiscal year payrolls.
 - FY2024 Budget update includes five-year lookback on major General Fund revenue streams.

General Fund Review



General Fund	FY2024 Budgeted	FY2024 Projections	FY2024 YTD	% of Budget Received
Revenues	\$6,266,986	\$6,473,346	\$2,330,185	37.2%

- 1st Quarter FY 2024 General Fund revenue projections are projected to exceed budget due to the performance of sales tax, use tax, and interest earnings from available cash on hand.

General Fund	FY2024 Budgeted	FY2024 Projections	FY2024 YTD	% of Budget Expended
Expenditures	\$7,100,790	\$7,145,855	\$1,936,790	27.3%

GF Funded Capital Project	Phase	Resolution	Contractor / Engineer	Status
Annual Wayfinding Signage Installation	Construction	Upcoming	To Be Decided	In Progress
Complete Quincy Boulevard Sidewalks	Construction	1221	Amino Brothers	In Progress
Complete Quincy Boulevard Road Reconstruction	Construction	1221	Amino Brothers	In Progress
Complete 4 th St & 4 th Terr Mailbox Improvement	Construction	1199	Menke	In Progress

Property Tax Revenue

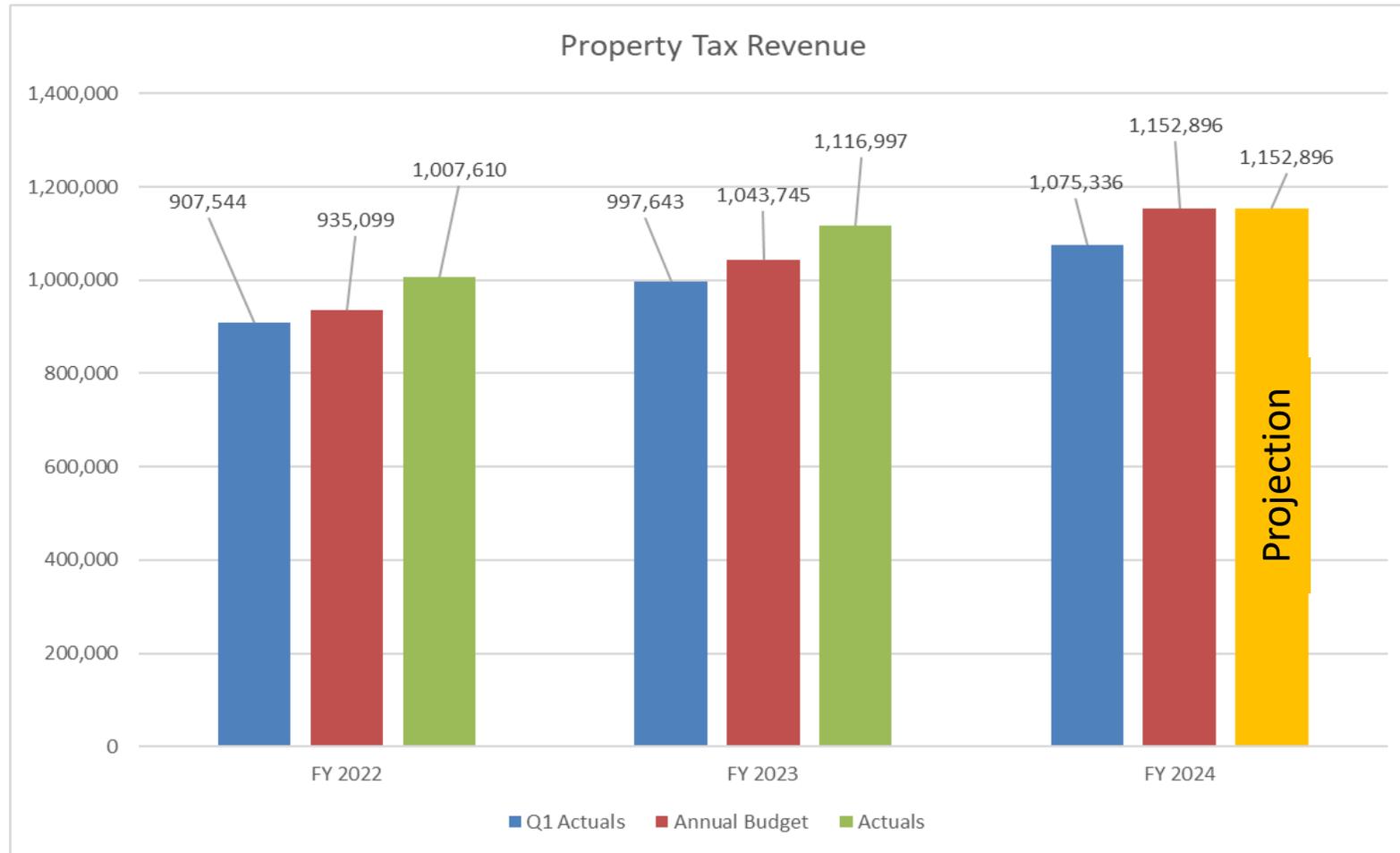


*Property Tax revenue comprises **17%** of General Fund revenues and plays a significant role in funding core City services and amenities*

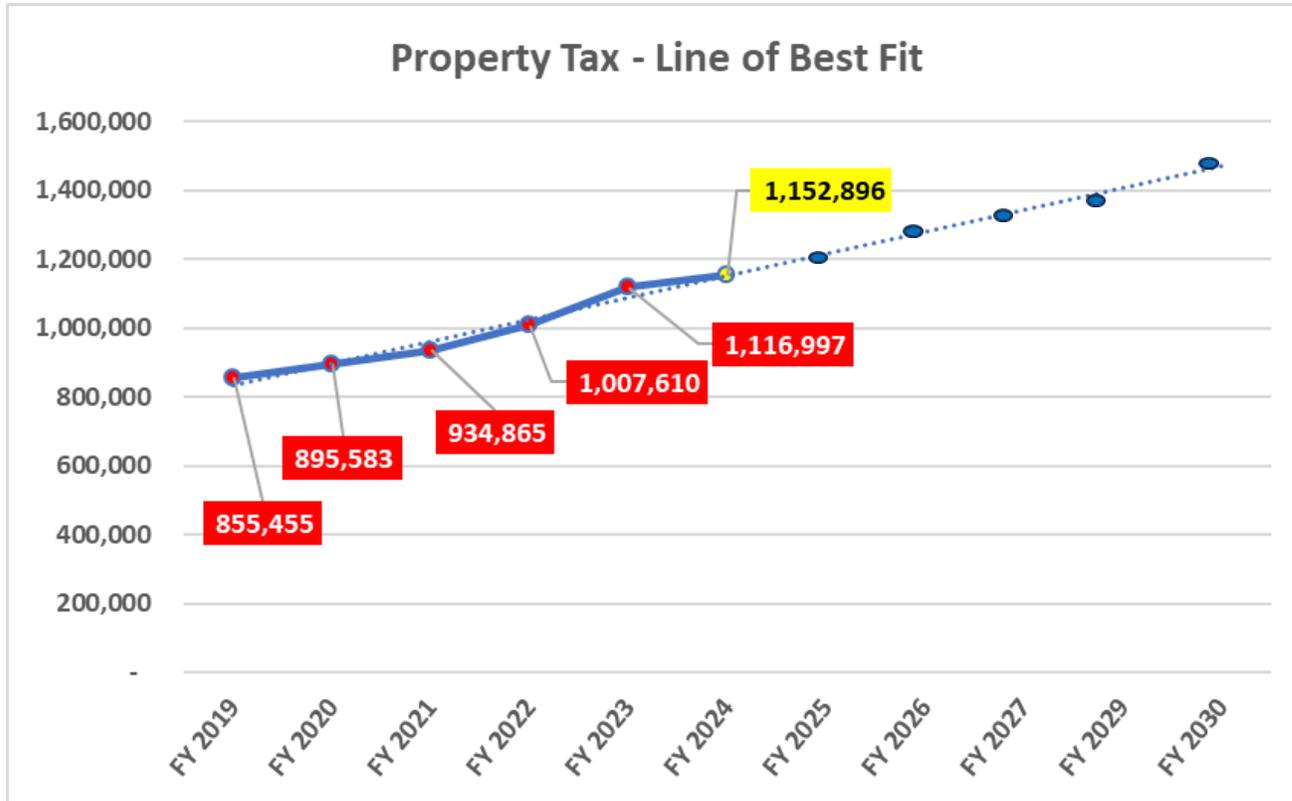
General Fund	FY2024 Budgeted	FY2024 Projections	FY2024 YTD	% of Budget Received
Property Tax Revenues	\$1,152,896	\$1,152,896	\$1,075,336	93.3%

- The City received a large Property Tax disbursement from Clay County in January 2024.
- The City, on average in the past 3 years, receives **92%** of annual property tax revenue by the 1st quarter of the fiscal year.
- For the last 5 years, the City has seen an average annual increase in property tax revenues of about **6.93%**.

Property Tax Revenue - 3 Year Trend History

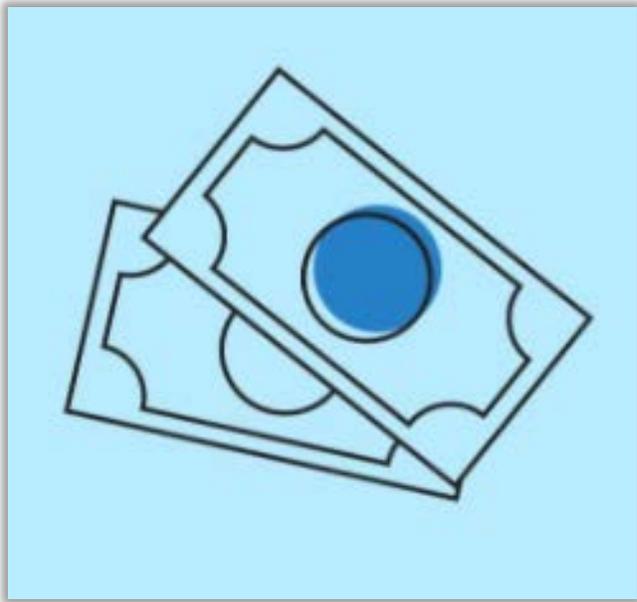


Property Tax Revenue – Five Year Lookback



- Red: Previous Year Actuals
- Yellow: FY2024 Projected
- Blue: Projected FY2025 and Beyond

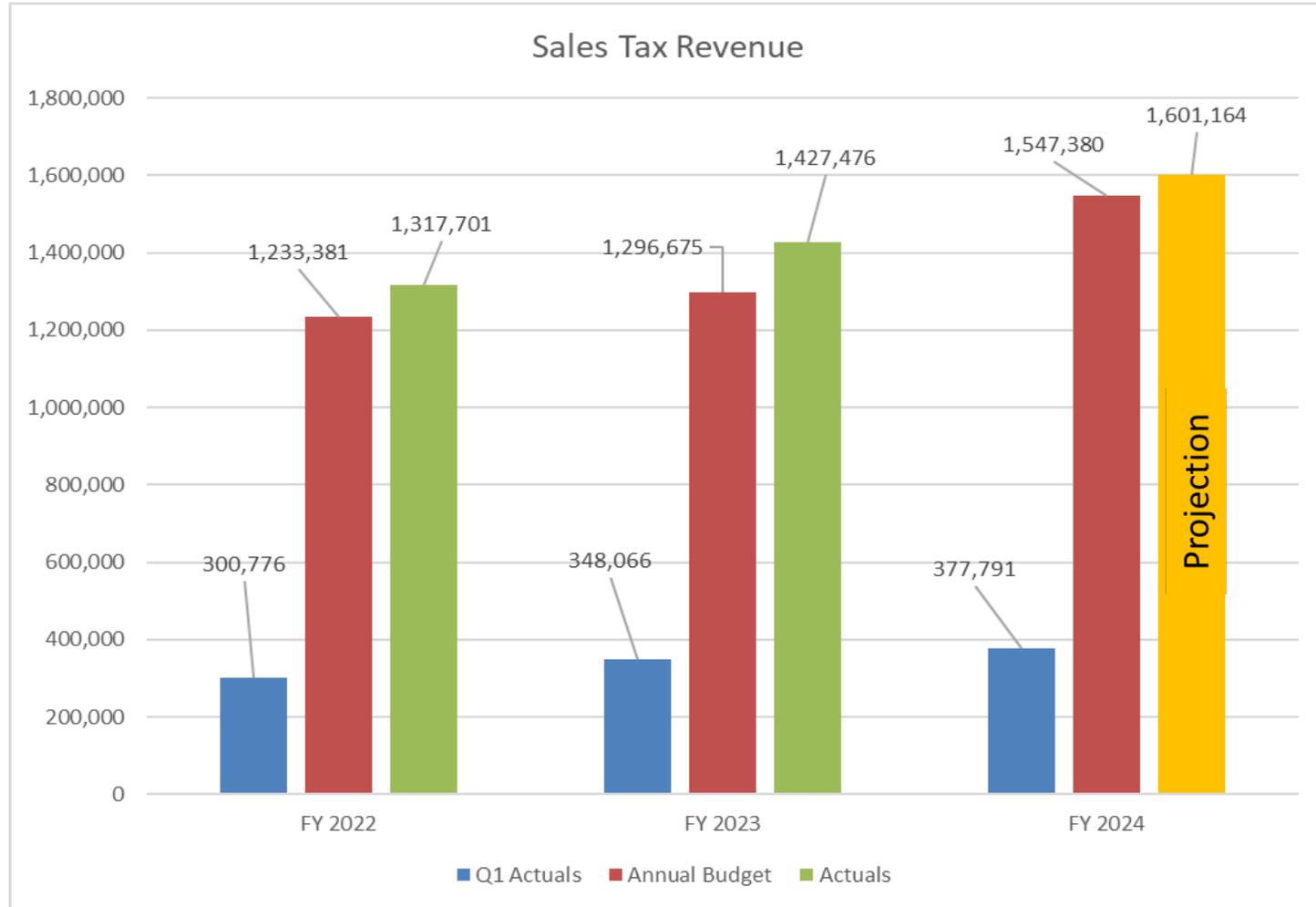
1% City Sales Tax Revenue



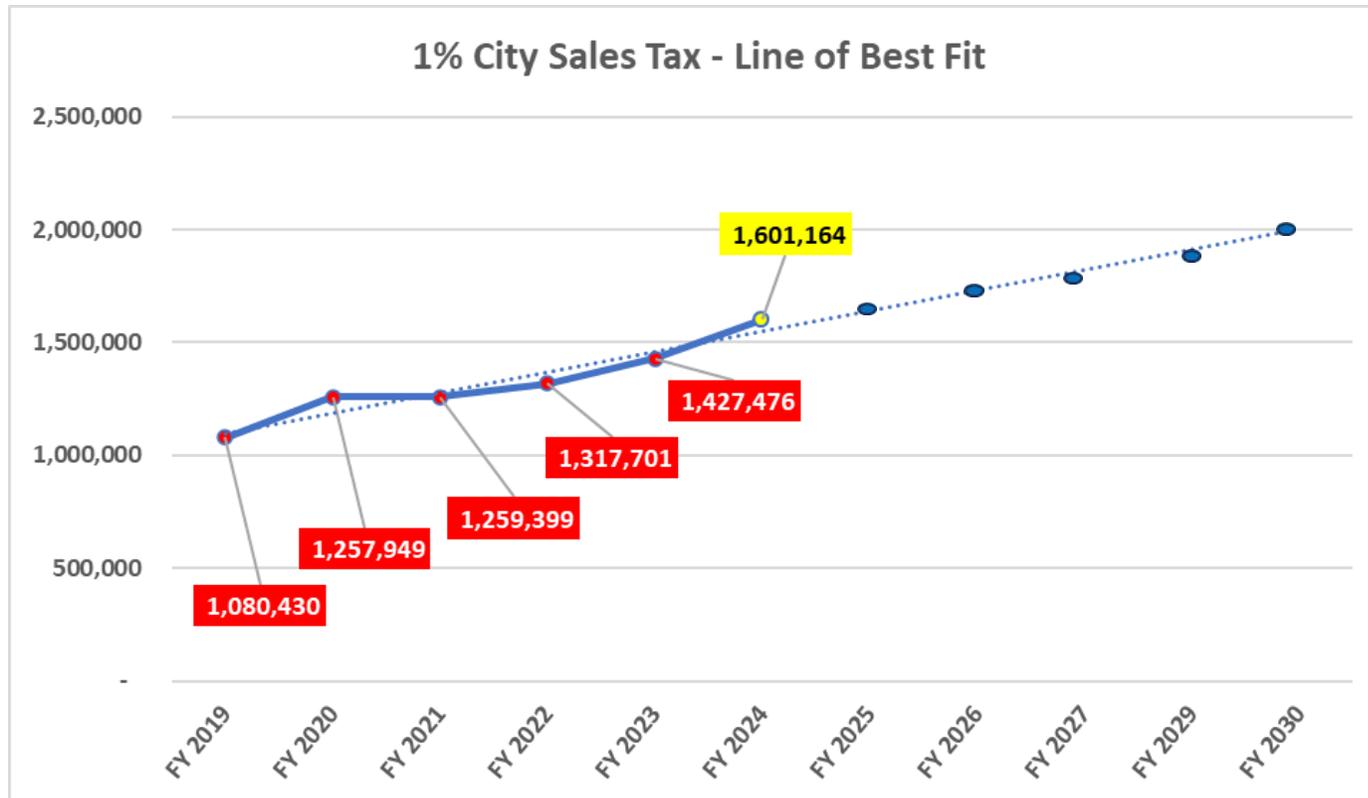
General Fund	FY2024 Budgeted	FY2024 Projections	FY2024 YTD	% of Budget Received
Sales Tax Revenues	\$1,547,380	\$1,601,164	\$377,791	24.4%

- The City, on average in the past 3 years, receives **21.7%** of sales tax annual revenue by the 1st 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).

1% City Sales Tax Revenue - 3 Year Trend History

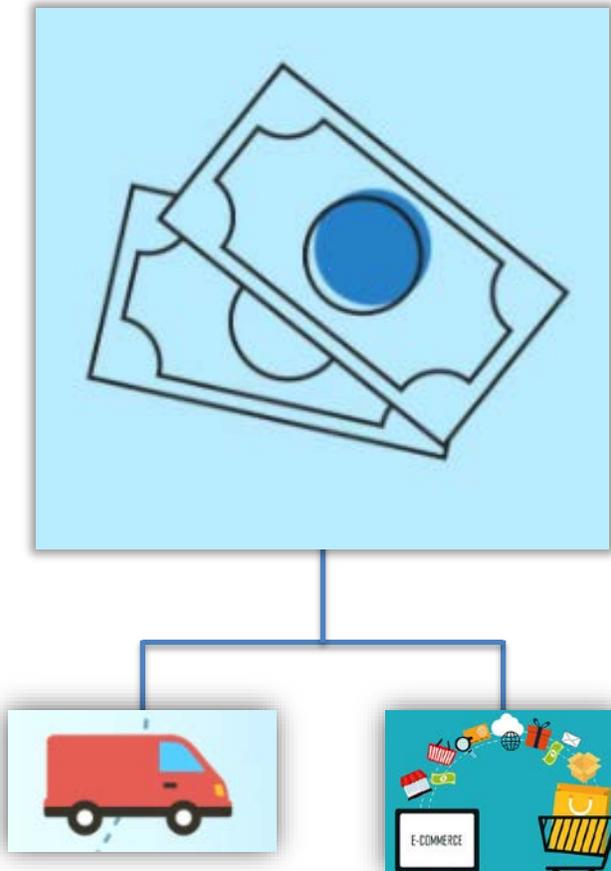


1% City Sales Tax Revenue – Five Year Lookback



- Red: Previous Year Actuals
- Yellow: FY2024 Projected
- Blue: Projected FY2025 and Beyond

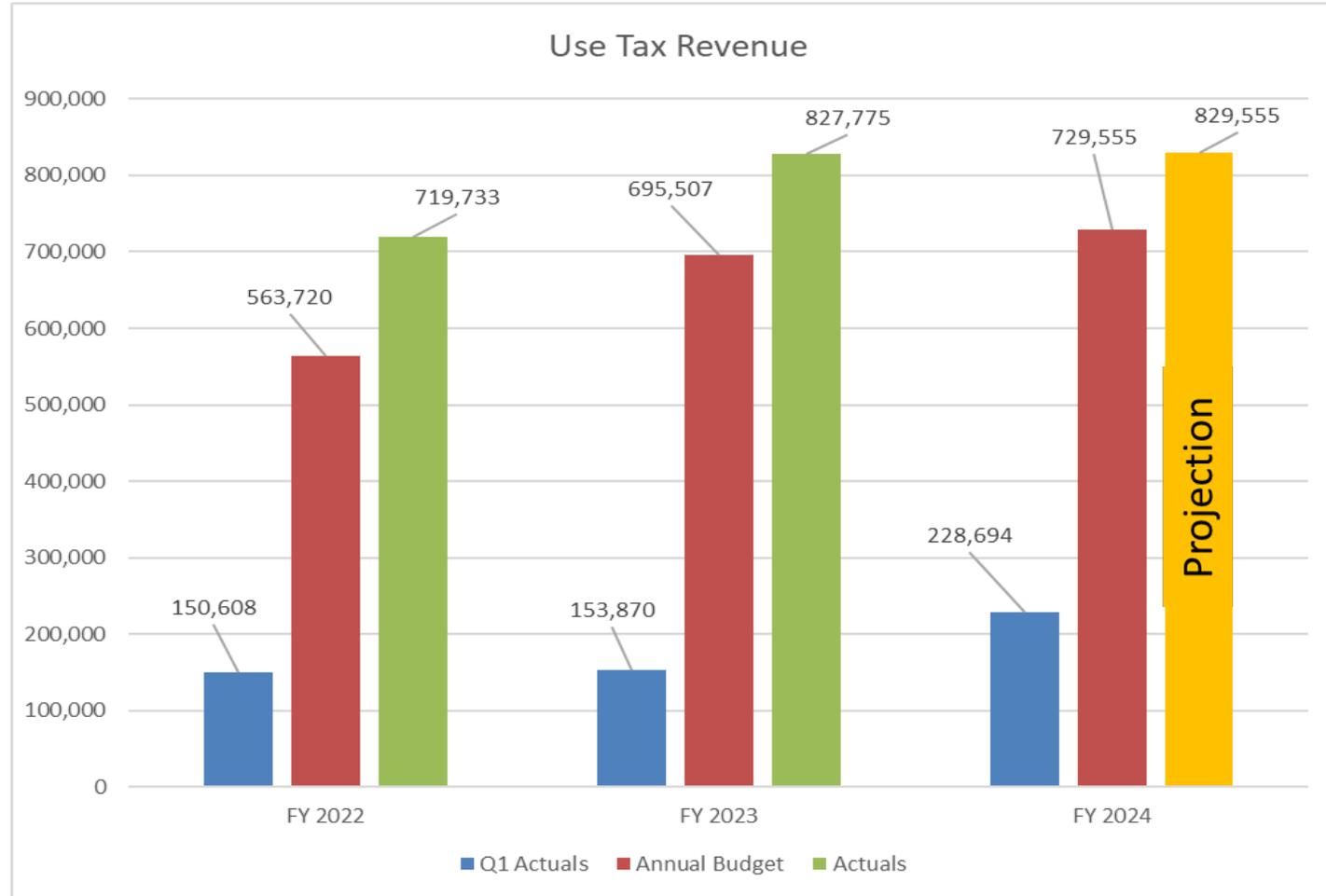
Use Tax Revenue



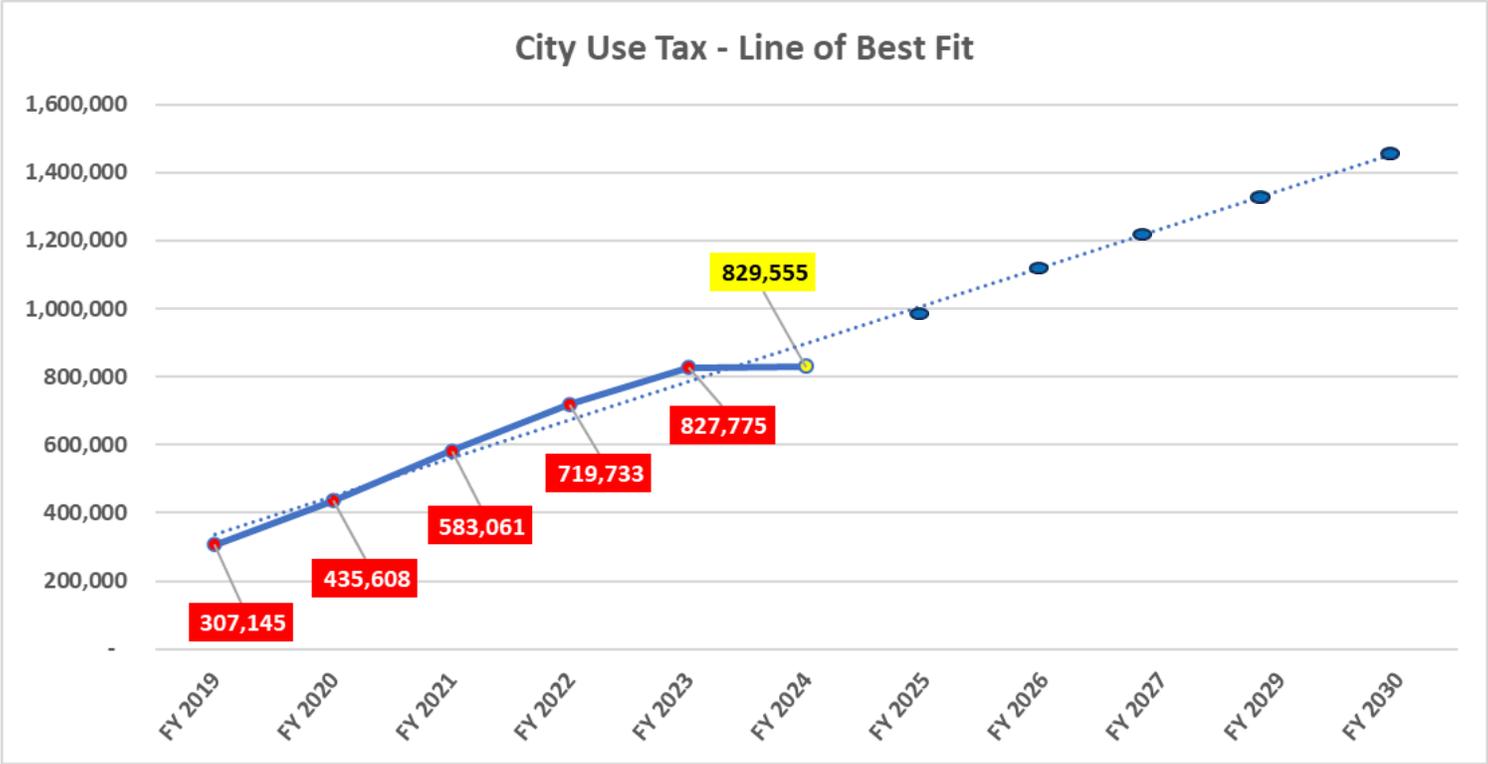
General Fund	FY2024 Budgeted	FY2024 Projections	FY2024 YTD	% of Budget Received
Use Tax Revenues	\$729,555	\$829,555	\$228,694	31.3%

- The City, on average in the past 3 years, receives **12.6%** of use tax annual revenue by the 1st quarter of the fiscal year.
- Use Tax receipts have *increased approximately 50% in Q1 2024* with the receipting of the January 2024 Distribution in February 2024.

Use Tax Revenue - 3 Year Trend History

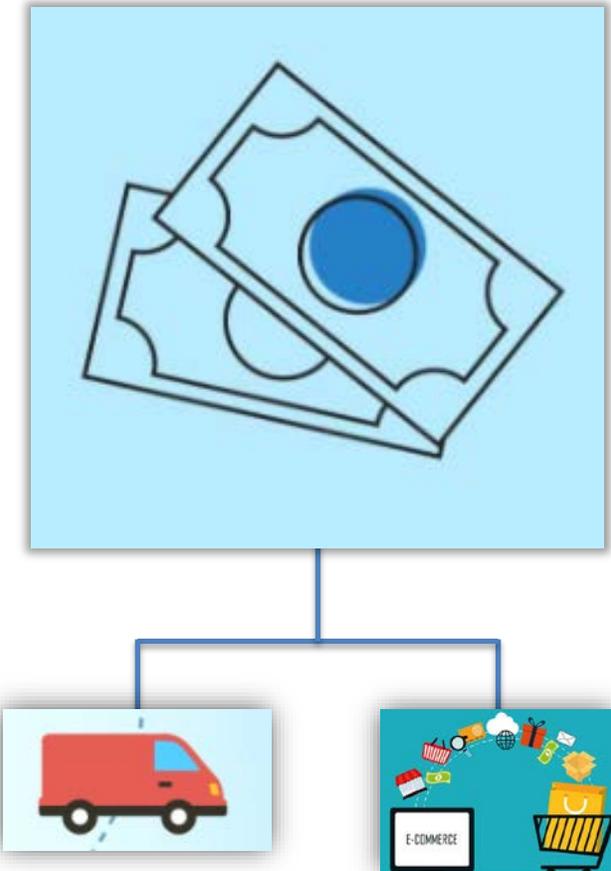


City Use Tax Revenue – Five Year Lookback



- Red: Previous Year Actuals
- Yellow: FY2024 Projected
- Blue: Projected FY2025 and Beyond

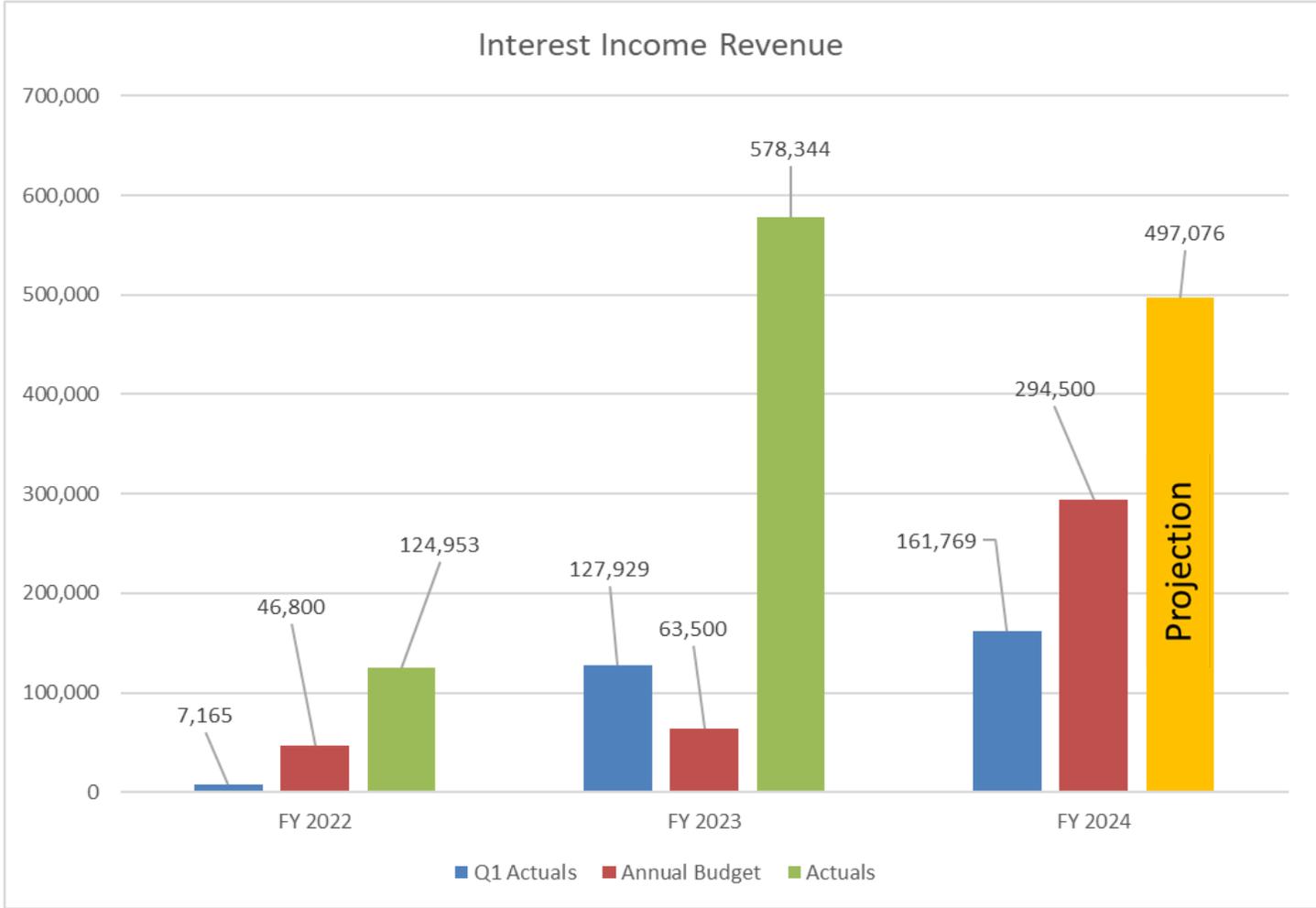
Interest Income Revenue



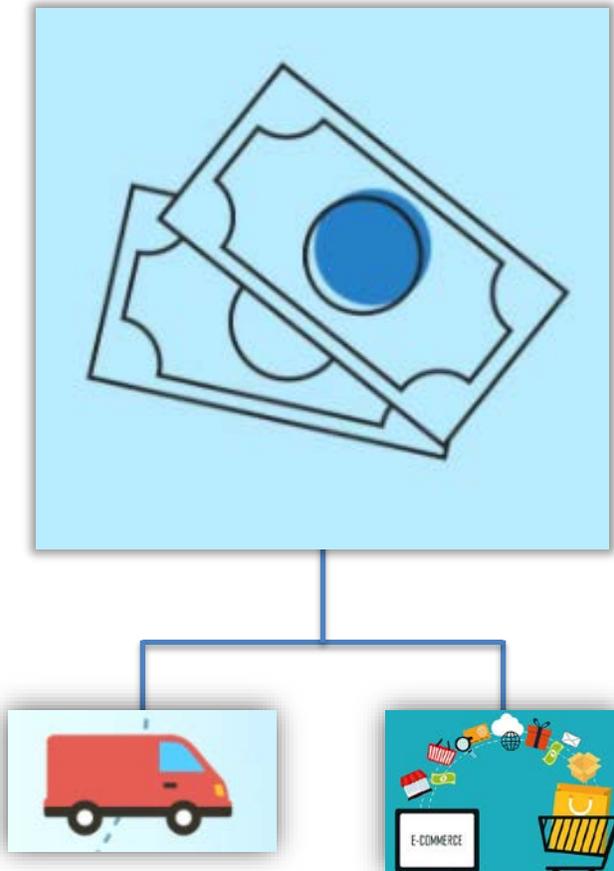
General Fund	FY2024 Budgeted	FY2024 Projections	FY2024 YTD	% of Budget Received
Interest Income	\$294,500	\$497,076	\$161,769	54.9%

- The City has received **54.9%** of the annual budgeted interest income by the 1st quarter of the fiscal year.
- Projected interest income is slightly below last year in anticipation of a decrease in interest rates during FY 2024.

Interest Income - 3 Year Trend History



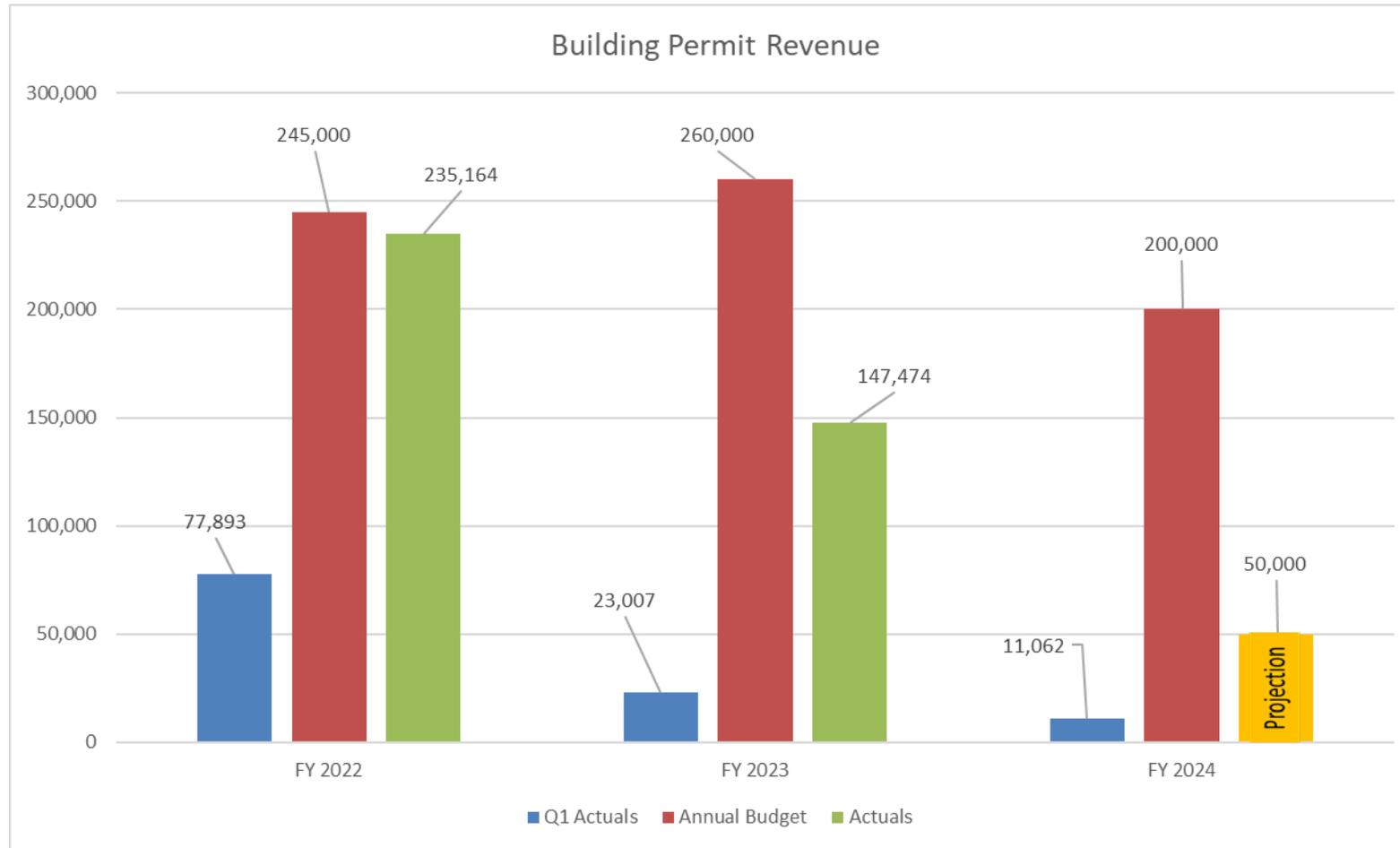
Building Permit Revenue



General Fund	FY2024 Budgeted	FY2024 Projections	FY2024 YTD	% of Budget Received
Building Permit	\$200,000	\$50,000	\$11,062	5.5%

- The City has recognized a substantial decrease in both residential and commercial permits.
- Historically, 1st Quarter is a slow period for permits to be pulled for both residential and commercial.

Building Permit Revenue



General Fund – Bottom Line

	Actual FY 2023	Budgeted FY 2024	Projected FY 2024
Beginning Fund Balance	\$ 3,425,221	\$ 3,951,294	\$ 3,951,294
Total Revenues	\$ 6,569,620	\$ 6,266,986	\$ 6,473,346
Total Expenses	\$ 6,043,547	\$ 7,100,790	\$ 7,173,218
Net Change in Fund Balance	\$ 526,073	\$ (833,804)	\$ (699,872)
Ending Fund Balance	\$ 3,951,294	\$ 3,117,490	\$ 3,251,422
			\$ 133,932

Mid-Year Impact – Personnel Expenditures

- During the FY 2024 Budget development, staff proposed revisiting the **retirement enhancement** mid-year to examine revenue performance. The City's current LAGERS retirement program, L-7, has a multiplier of 1.5% at a 2% employee contribution. Staff is recommending the adjustment to L-12, with a multiplier of 1.75% and remain at a 2% employee contribution.
- Management and the West Central Missouri Regional Lodge #50 of the Fraternal Order of Police (the Union) negotiated a **Collective Bargaining Agreement for the non-supervisory unit**. On February 26, 2024, the City received notice the bargaining unit members ratified the tentative agreement and is on the upcoming agenda for Board consideration.
- **Total impact for FY 2024 to the General Fund is \$78,100.**

Proposed LAGERS Timeline

LAGERS Timeline

March 19, 2024

Advertisement of the supplemental actuarial valuation must be made available for public inspection.

May 7, 2024

Board of Aldermen consideration.

July 1, 2024

Effective Date.

3 Month General Fund Budget Review - Conclusion



Revenues

- *Property Tax*: Property tax is tracking to hit budget in FY2024.
- *Sales Tax*: Moderate growth through Q1, which is likely somewhat driven by consumer inflation, but also growth in the local economy.
- *Use Tax*: Excellent growth through Q1 compared to previous year but anticipate FY 2024 actual to remain relatively flat overall.
- *Interest Income*: Higher than budgeted revenue as rates remain high, anticipate a slight decline in rates in FY 2024.
- *Building Permits*: Less new residential and commercial permits resulting in lower permit revenues.

Expenditures

- *General Fund Operational Expenditures*: The City anticipates a slight increase in expenditures over original FY 2024. It is early in the year, but staff will monitor expenditures closely.