

**SMITHVILLE BOARD OF ALDERMEN
WORK SESSION**
December 16, 2025 6:00 p.m.
City Hall Council Chambers and Via Videoconference

1. Call to Order

Mayor Boley called the meeting to order at 6:00 p.m. A quorum of the Board was present: Marv Atkins, Kelly Kobylski, Melissa Wilson, Leeah Stone, Chelsea Dana and Dan Hartman.

Staff present: Cynthia Wagner, Gina Pate, Chief Lockridge, Chuck Soules, Jack Hendrix and Linda Drummond.

City Attorneys present: Padraic Corcoran and Jackson Auer.

2. FY2025 Year-End Budget Review

Finance Director Rick Welch presented the FY2025 Year-End Budget Review.

General Fund

The general fund performed very well in 2025. Revenue increases were primarily seen in sales tax, use tax, and interest earnings. Interest earnings exceeded expectations, as we did not experience the rate decreases anticipated for 2025.

On the expenditure side, savings occurred mainly in departmental salaries and wages due to staff vacancies, as well as in general capital improvements. For example, we approved approximately \$160,000 for campground repairs but spent only about \$124,000, resulting in additional savings.

Overall, revenues came in just over 1.2% higher than budgeted, driven largely by interest earnings of \$525,000, sales tax nearly \$140,000 above budget, and use tax \$206,000 higher. While we projected significant double-digit increases in these areas for 2025, performance exceeded expectations. Expenditure savings totaled approximately \$113,000.

The fund balance shows a significant increase for 2025 due to higher-than-expected revenues and expenditure savings.

Property tax revenue came in slightly above the budgeted \$1,205,000. Information from Clay County regarding the senior tax freeze for 2026 indicates a minimal impact of approximately \$10,000, giving confidence that the 2026 budget of \$1,215,000 is achievable.

Sales and use taxes continued strong performance. The 2026 sales tax is budgeted at \$1.7 million, slightly higher than last year's budget but below 2025 actuals. Use tax saw nearly a 10% increase over 2025 actuals, with a 2026 budget of \$1,070,000.

Interest earnings remain strong at 3.81%, despite minor rate adjustments. Starting in 2026, interest revenue will be split 60% to the general fund and 40% to the water fund, with the general fund budgeted at approximately \$225,000.

Motor fuel tax increases implemented by Missouri in 2021 (2.5 cents annually) continued until July 1, 2025, when the increase stabilized at \$0.295 per gallon.

As a result of revenue performance and expense savings, the general fund balance as a percentage of operating expenditures is approximately 67%, significantly higher than the projected 51.5% during budgeting. Forecasting indicates the fund balance remains positive through 2030, assuming current trends continue.

Additionally, campground revenue exceeded projections by \$47,000, which will remain dedicated to future campground improvements.

Combined Water and Wastewater Fund

Operational revenue exceeded budget by roughly \$600,000, mainly from water and wastewater sales. Rate increases did not significantly reduce sales. Water revenue surpassed expectations by \$300,000, and wastewater by \$200,000.

The COP issuance of \$8.5 million is not included in the reported numbers, but reimbursements are being tracked closely and are on target.

Expenditure savings were significant due to project delays. For example, the Smith's Fork project came in below projections. Overall, the fund had revenue exceeding budget by \$560,000 and expenditure savings of just under \$2.8 million.

Half-Cent Sales Tax Funds

Transportation Sales Tax Fund: Variances reflect project delays, with most activity scheduled for 2026.

Capital Improvement Sales Tax Fund: Revenue savings primarily tied to delayed project reimbursements. Expenditure savings due to slowed project execution.

Parks and Stormwater Sales Tax Fund: Minimal project activity in 2025; major projects deferred to 2026.

Sanitation Fund

Revenue was close to budget, and expenditures were approximately \$25,000 below budget due to timing of payments and accounting for GFL services. Fund balance will be monitored for potential additional recycling or events as it grows.

Vehicle Replacement Fund

Vehicle turnover was intentionally slowed, resulting in cost savings and maintaining low mileage usage on existing vehicles. The fund balance is being rebuilt to ensure sufficient reserves for unforeseen needs, targeting over \$100,000 in 2026.

Rick noted overall, 2025 was a very strong year across all funds, with higher revenues, expenditure savings, and positive fund balance trends. Staff remains confident in projections and budgeting practices, and delayed projects have minimal impact on long-term financial stability.

3. Adjourn

Alderman Hartman moved to adjourn. Alderman Kobylski seconded the motion.

Ayes – 6, Noes – 0, motion carries. The Mayor declared the meeting adjourned at 6:22 p.m.

Linda Drummond, City Clerk

Damien Boley, Mayor