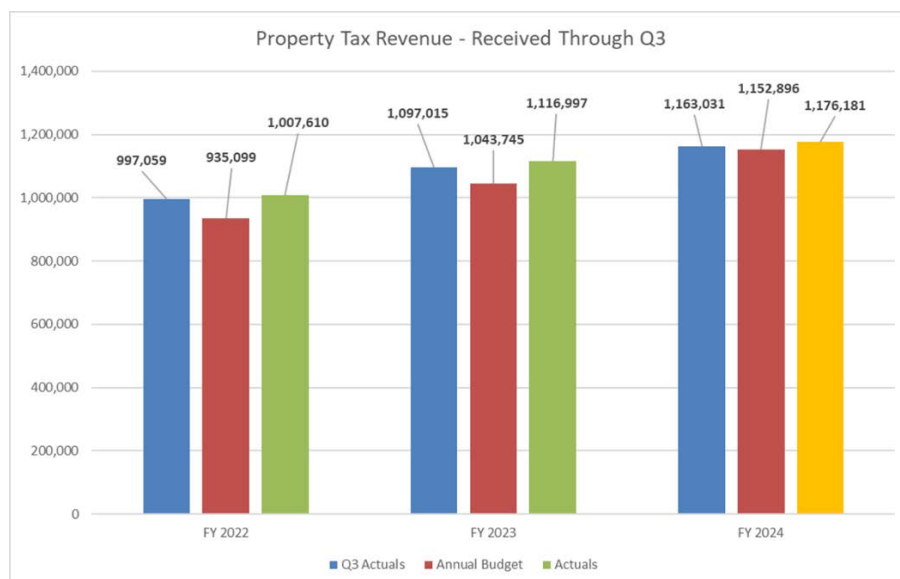
	<div>STAFF REPORT</div>
Date:	August 20, 2024
Prepared By:	Rick Welch, Finance Director
Subject:	FY2024 – 9 Month Budget Update

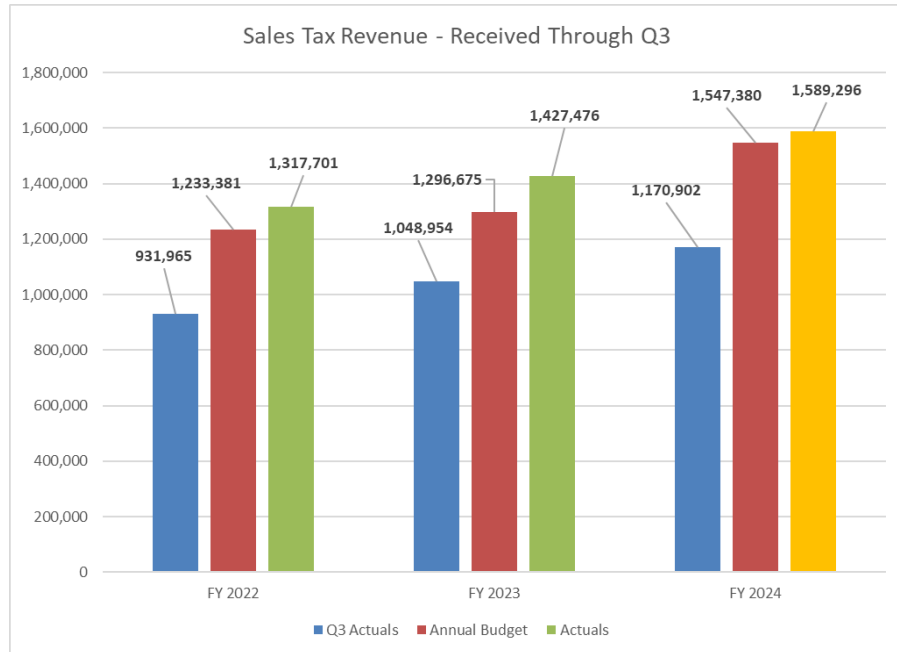
Through 9 months of the fiscal year, the City is performing well overall, from a fiscal standpoint. The increase in general fund revenues has outpaced the increase in expenditures. Board approved budget amendments have helped the City retain proper budget authority to make key capital equipment and project 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.

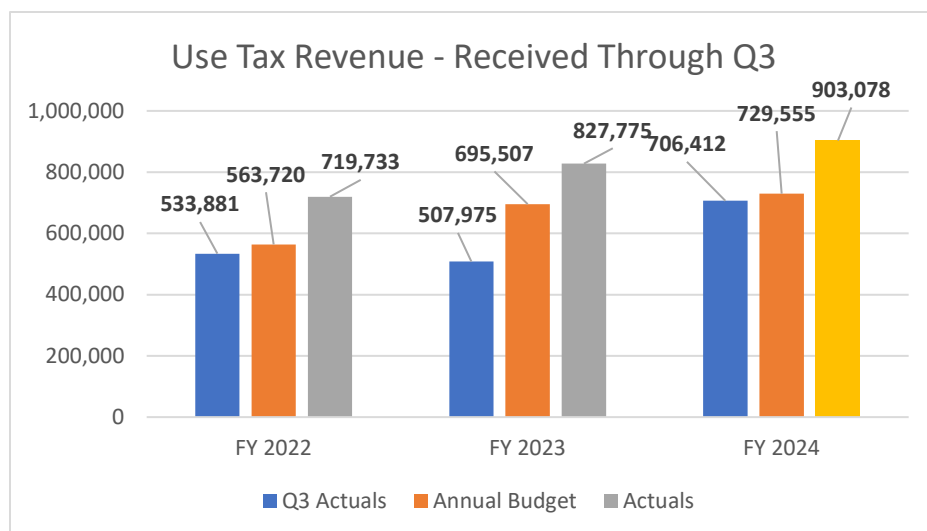
- Property Tax:** property tax revenues have exceeded the FY24 budgeted amount of \$1,152,896. Over the last three years, property tax has steadily increased. Staff will monitor the Senior Real Estate Property Tax Relief Program for Clay County residents who are 62 years old or older. This program will 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 CWWWS 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 CWWWS 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 CWWWS 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 (CWWWS)
 - \$9,374.88 IT services upgrade (GF)
 - \$3,675.12 IT services upgrade (CWWWS)

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 CWWWS fund, plus an additional \$2,344,510 for a total of \$6,694,510. 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

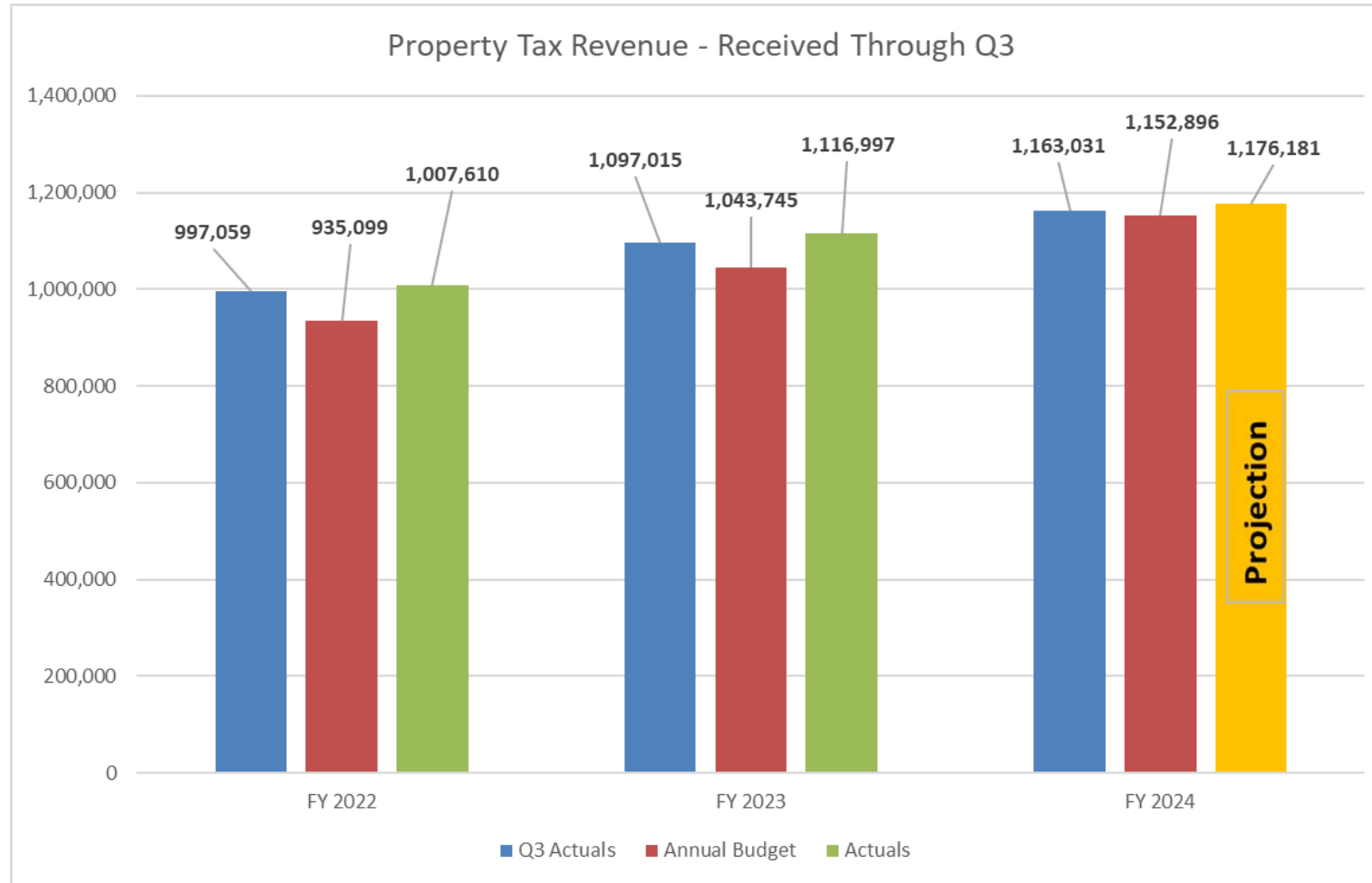


*Property Tax revenue comprises **20%** of General Fund revenues and plays a significant role in funding core City services and amenities*

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



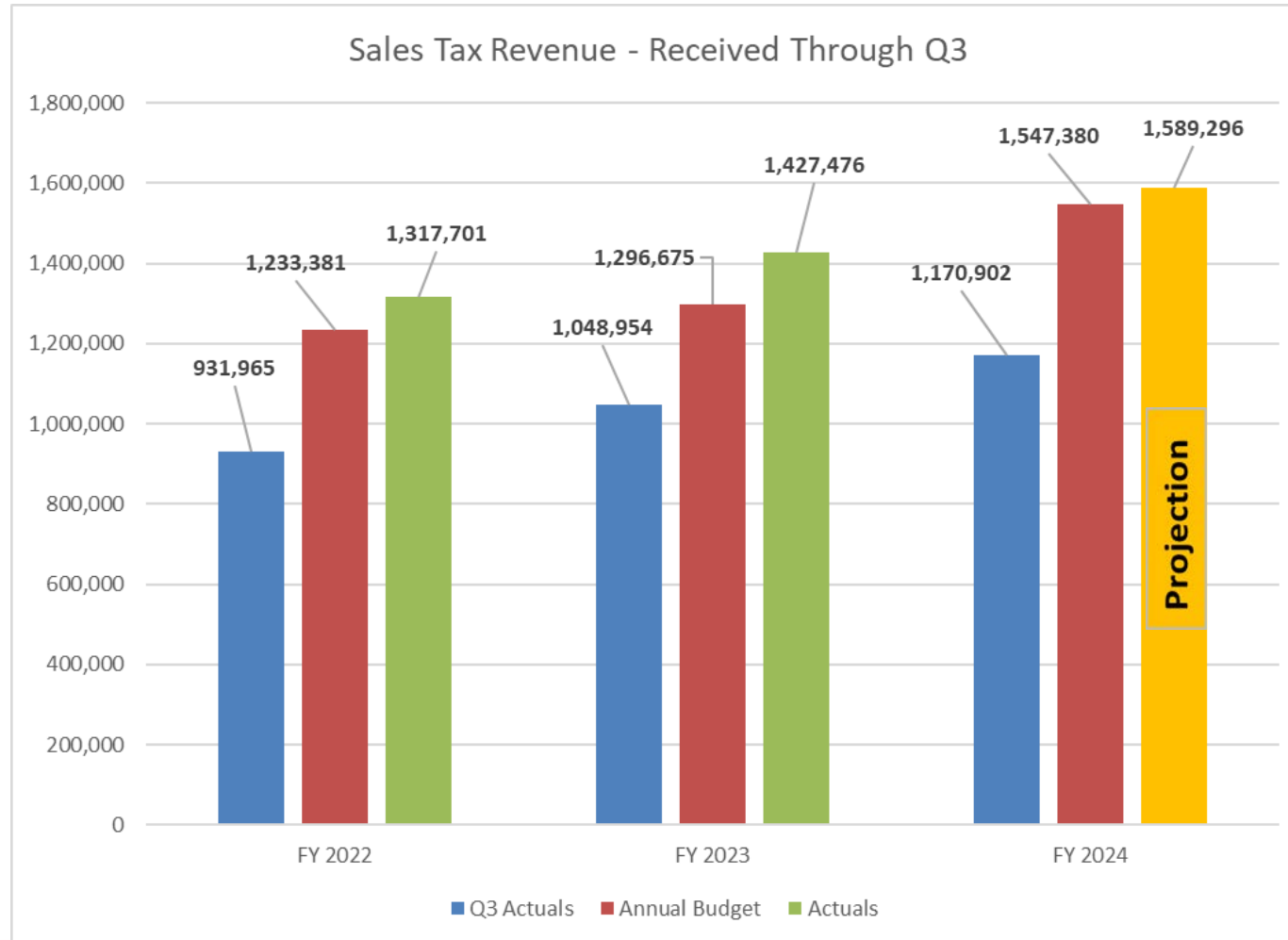
Sales Tax Revenue

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



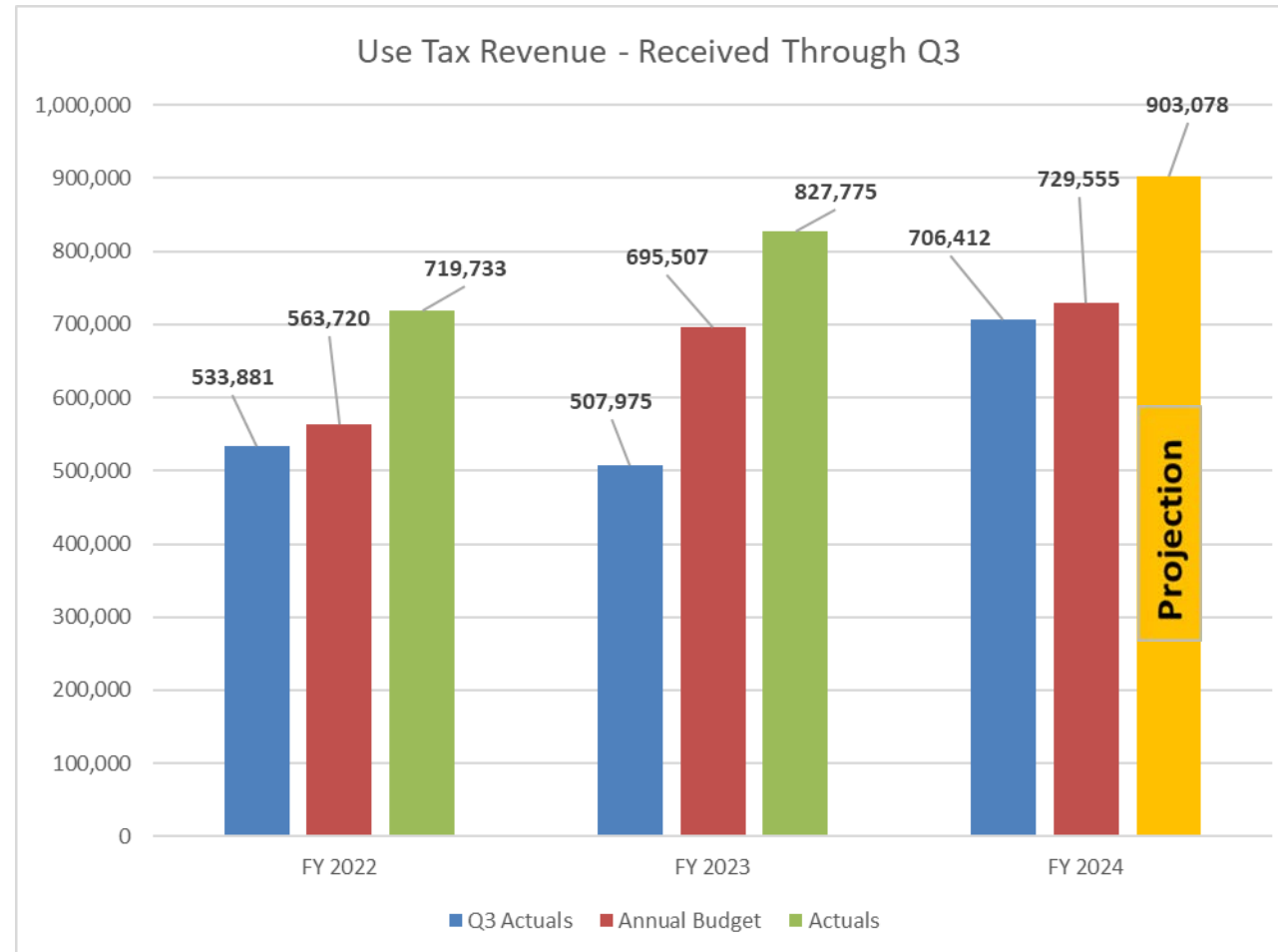
Use Tax Revenue

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

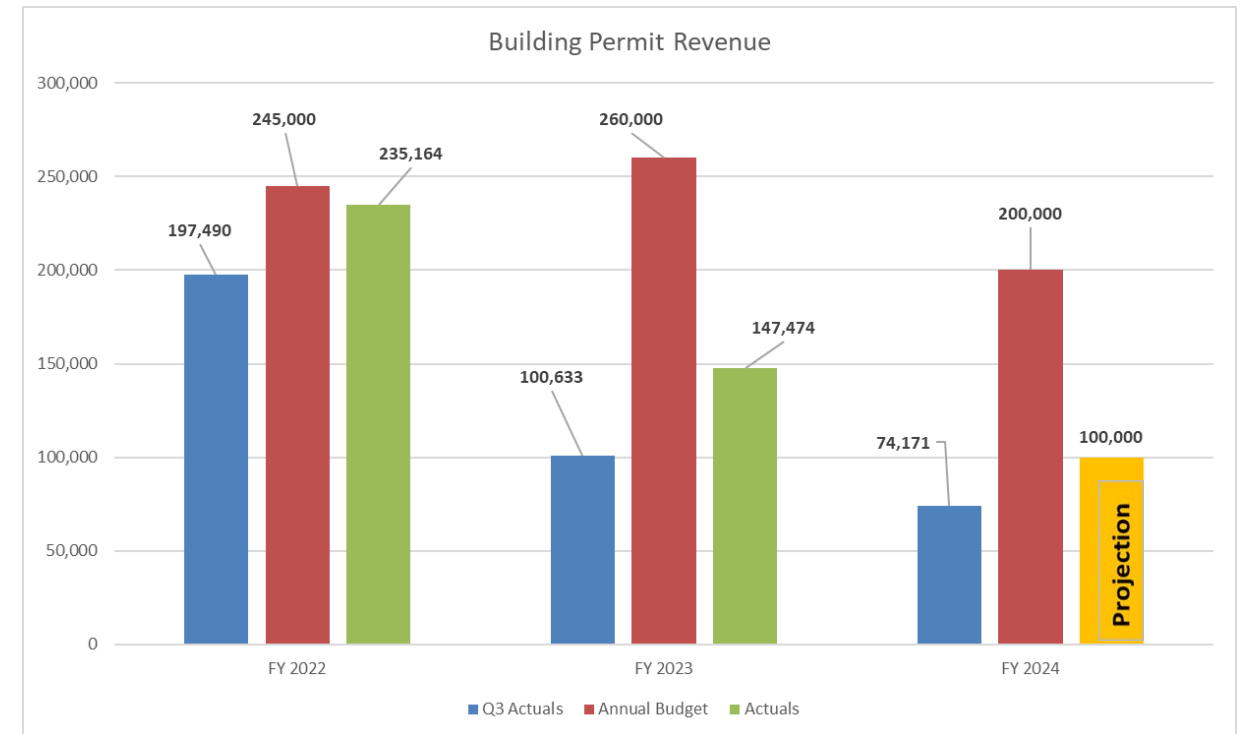
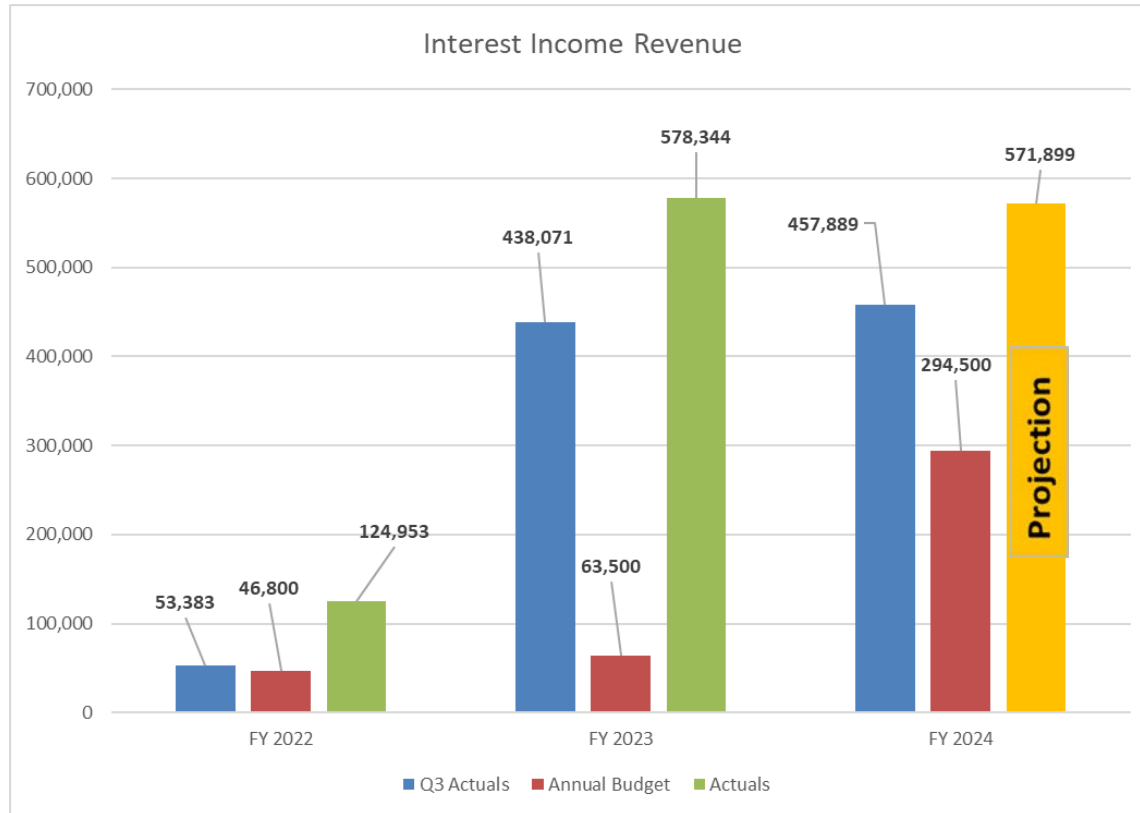
- The City, on average in the past 3 years, receives **75%** of use tax annual revenue by the 3rd quarter of the fiscal year.



Use Tax Revenue 3-Year History



General Fund Revenues – Areas of Impact



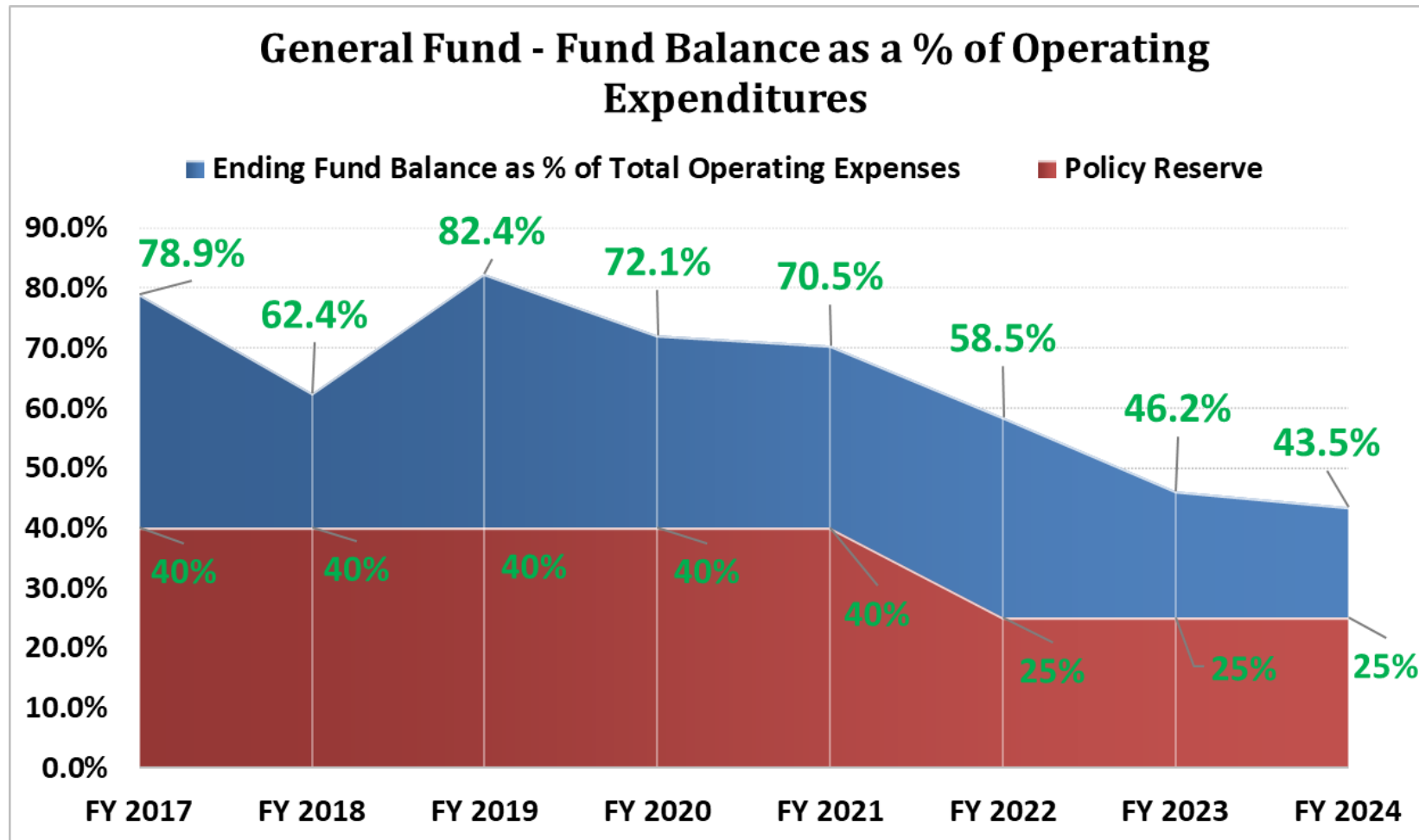
General Fund – Bottom Line

	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.

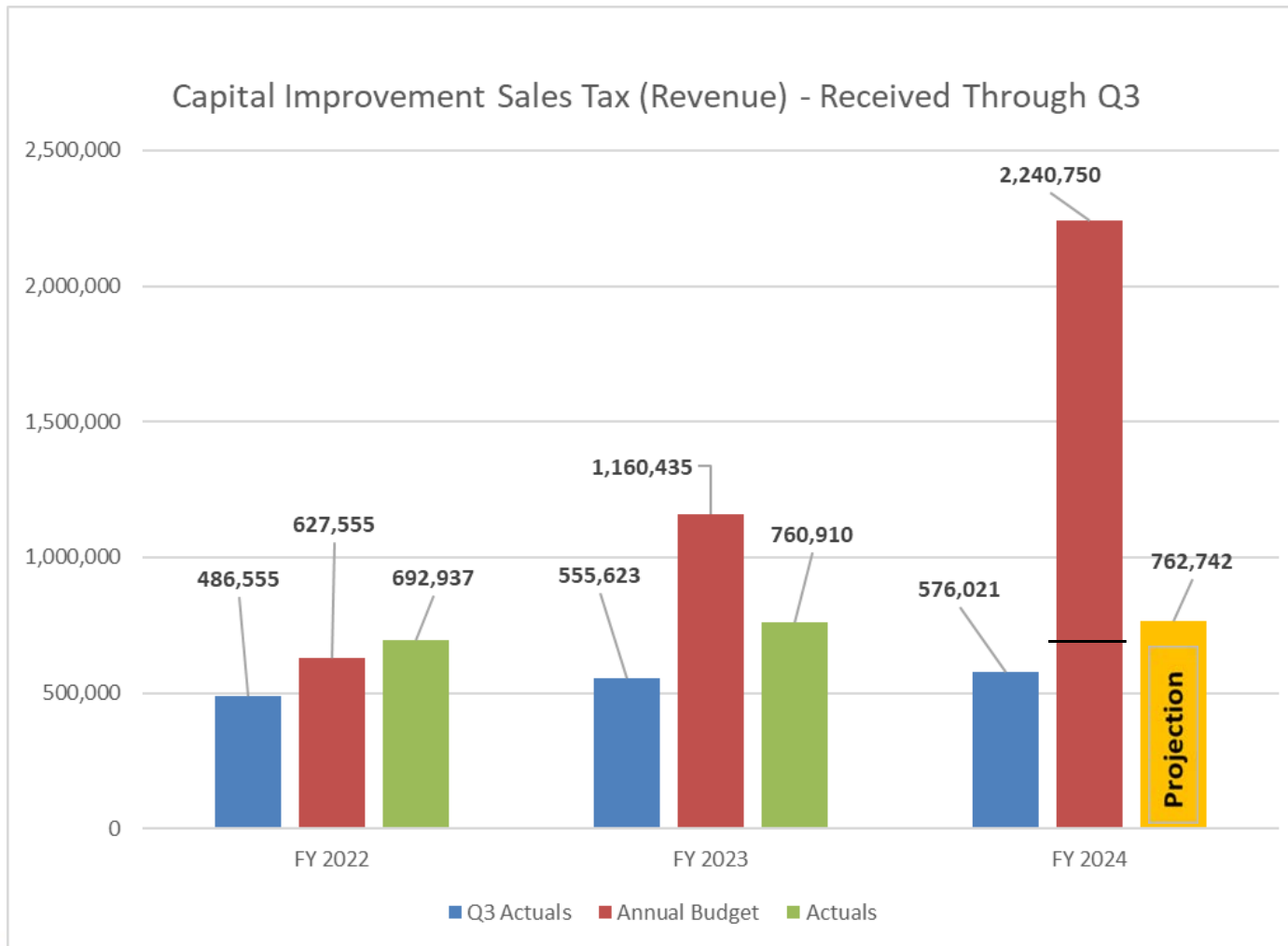
Capital Improvement Sales Tax	FY2024 Budgeted	FY2024 Projections	FY2024 YTD	% of Budget Received	% of Projected
Expenditure	\$ 1,906,340	\$ 418,340	\$ 181,054	9.5%	43.3%

- 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 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%

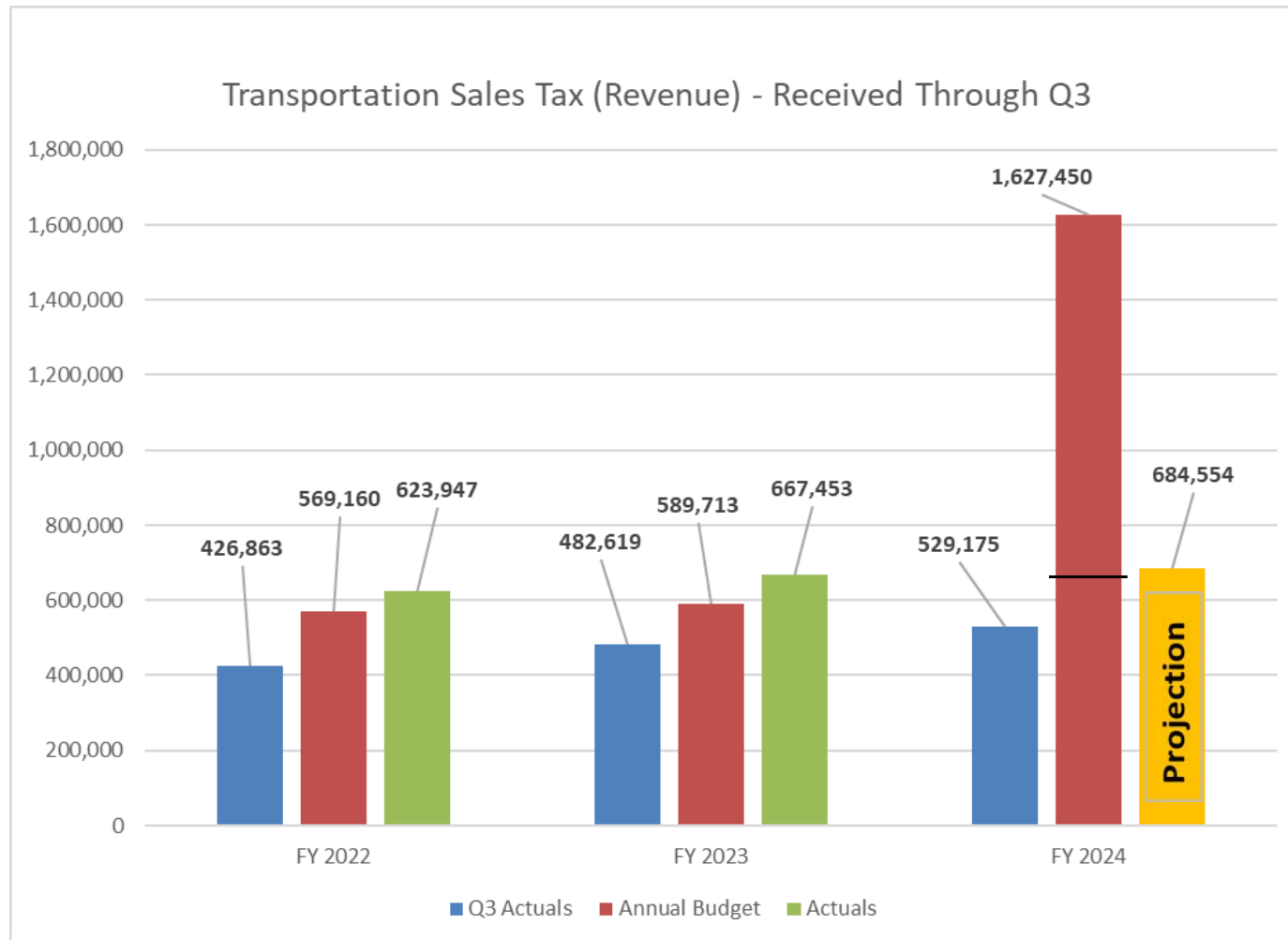
- Projection includes CIP that will carryforward to FY25, including a MARC reimbursement included in FY24 revenue in the amount of \$960,000.

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

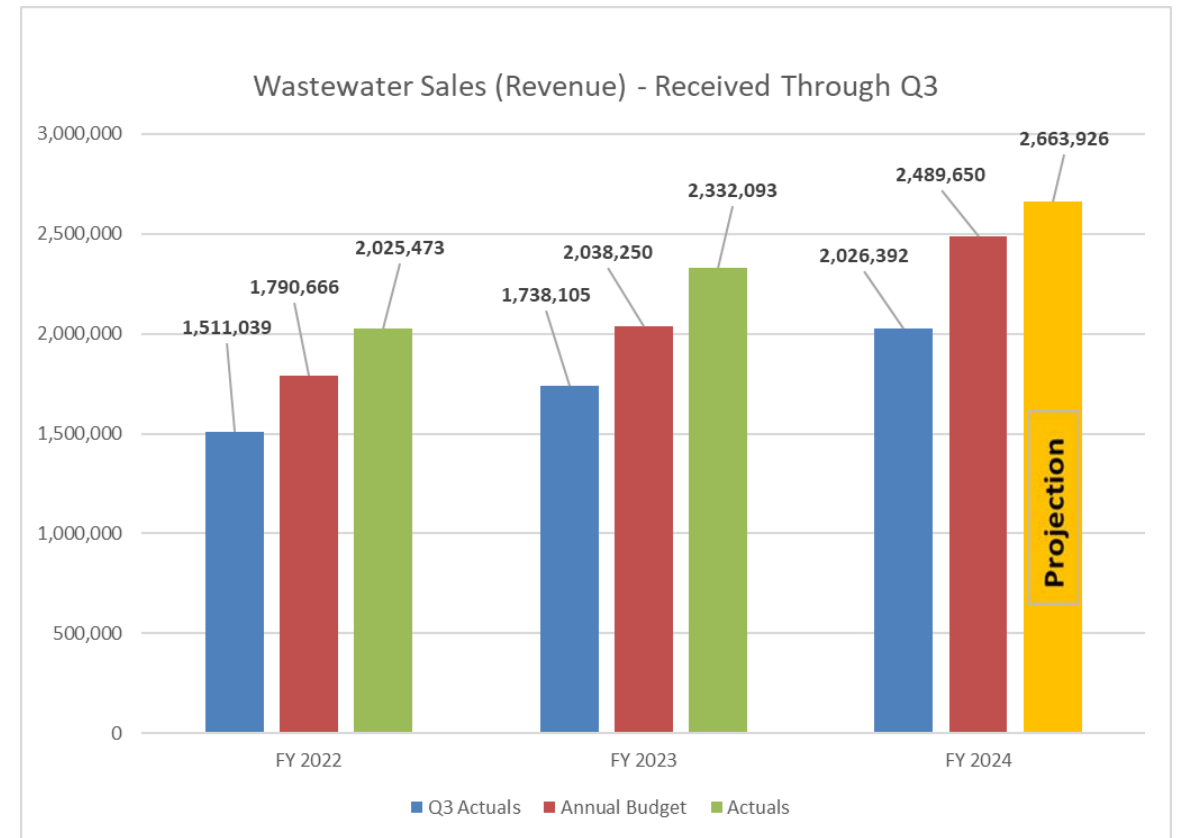
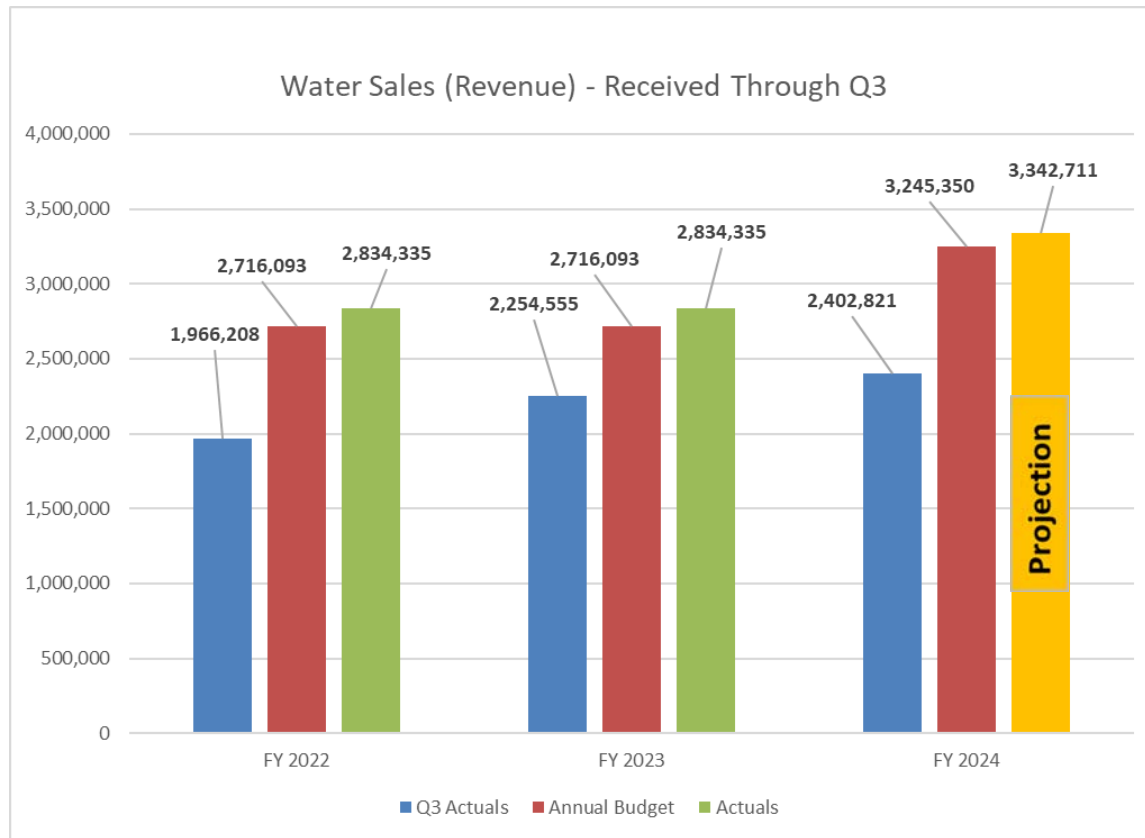
CWWS Fund	FY2024 Budgeted	FY2024 Projections	FY2024 YTD	% of Budget Received
Water Sales	\$ 3,245,350	\$ 3,342,711	\$ 2,402,821	74.0%

- 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.