

RESOLUTION NO. R-23-04

A RESOLUTION AMENDING OR REVISING THE 2023 GENERAL FUND, COMMUNITY CENTER AND PARKS SALES TAX FUND, PUBLIC SAFETY SALES TAX FUND, CAPITAL IMPROVEMENT SALES TAX FUND, CAPITAL EQUIPMENT REPLACEMENT FUND, COMBINED WATERWORKS & SEWER SYSTEM FUND, AND PARKS AND PLAYGROUND FUND FOR THE CITY OF GLADSTONE, MISSOURI, AND AUTHORIZING EXPENDITURES OF FUNDS.

WHEREAS, The Council of the City of Gladstone, Missouri has determined the need for additional appropriations in the above referenced funds.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF GLADSTONE, MISSOURI, AS FOLLOWS:

THAT, the General Fund, Community Center Parks Sales Tax Fund, Public Safety Sales Tax Fund, Capital Improvement Sales Tax Fund, Capital Equipment Replacement Fund, Combined Waterworks & Sewer System Fund, and Parks & Playground Fund be adopted or amended as set forth below:

	FY22 BUDGET RESOLUTION NO. R-22-27	REVISING BUDGET RESOLUTION NO. R-23-XX	INCREASE (DECREASE)
<u>General Fund Expenditures</u>	\$21,483,512	\$22,947,712	\$1,464,200
<u>Community Center Parks Sales Tax Expenditures</u>	\$4,409,870	\$4,594,323	\$184,453
<u>Public Safety Sales Tax Fund Expenditures</u>	\$1,091,512	\$1,302,512	\$211,000
<u>Capital Improvement Sales Tax Expenditures</u>	\$13,607,700	\$19,344,300	\$5,736,600
<u>Transportation Sales Tax Expenditures</u>	\$3,712,145	\$3,712,145	\$0
<u>Capital Equipment Replacement Expenditures</u>	\$639,000	\$939,000	\$300,000
<u>Combined Water & Sewerage System Expenditures</u>	\$12,311,796	\$14,528,296	\$2,216,500
<u>Parks & Playground Fund Expenditures</u>	\$0	\$3,850	\$3,850

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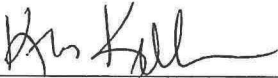
THAT, the City Manager of the City of Gladstone, Missouri is hereby authorized to expend the amounts as shown in the Revised Budgets.

INTRODUCED, READ, PASSED, AND ADOPTED BY THE COUNCIL OF THE CITY OF GLADSTONE, MISSOURI THIS 27TH DAY OF FEBRUARY, 2023.



Bill Garnos, Mayor

ATTEST:



Kris Keller, City Clerk



Request for Council Action

RES ☒ # R-23-04

BILL ☐ # City Clerk Only

ORD # City Clerk Only

Date: 2/16/2023

Department:

Meeting Date Requested: 2/27/2023

Public Hearing: Yes ☐ Date: [Click here to enter a date.](#)

Subject: Amending 2023 Fiscal Year Budget

Background: The 2023 Midyear Budget review was presented to the City Council on February 13, 2023 during an open study session. Staff recommendations will be on the agenda for City Council approval.

Budget Discussion: Funds are budgeted in the amount of \$0 from the N/A Fund. Ongoing costs are estimated to be \$ 0 annually. Previous years' funding was \$.

Public/Board/Staff Input: Staff is recommending that the 2023 budget be amended as presented in the February 13th open study session. Study session memo and exhibits to follow the RCA and Resolution.

Provide Original Contracts, Leases, Agreements, etc. to: City Clerk and Vendor.

Dominic Accurso
Department Director/Administrator

JM
City Attorney

SW
City Manager



Department of Finance

Memorandum

DATE: February 23, 2023

TO: Scott Wingerson, City Manager

FROM: Dominic Accurso, Director of Finance

RE: 2023 Fiscal Year Midyear Budget

With the 2023 fiscal year 50% complete and the 2022 fiscal year closed, we have a better understanding of how revenues, expenses, and fund balances are shaping up for the 2023 year. Staff begins work on the fiscal year budget several months before year end. Assumptions are made on both revenue and expense using past data, trend analysis, and information on the economic and legal environment. Because budgets are created before the fiscal year begins and needs for government services and programming can change over time, a midyear budget review gives staff and the City Council the opportunity to re-evaluate and reallocate resources where they may be needed to align the current resources with goals.

The midyear budget review for fiscal year 2023 is hereby submitted to the City Council for review. This memorandum and exhibits will provide information on the General Fund, Community Center and Parks Tax Fund (CCPT), Public Safety Sales Tax Fund (PSST), Capital Improvements Sales Tax Fund (CIST), Capital Equipment Replacement Fund (CERF), Combined Water and Sewerage System Fund (CWSS), and the Parks and Playground Fund. The comparisons referencing budgeted revenues and expenditures in the narrative are based on the December Interim Financial Report.

GENERAL FUND (Exhibit A & B)

During the first six months of the fiscal year, the General Fund has experienced multiple events that have called for adjustments in both revenue and expense.

Based on the December Interim Financial Statement, operating revenue is trending \$756,080 (8%) higher than the previous year. Property tax, sales tax, gross receipts tax, licenses & permits, intergovernmental, and miscellaneous revenues have all increased while charges for services and fines and forfeitures have decreased. Staff is recommending conservative adjustments for each of the revenue streams. Total operating revenue adjustment is \$417,200, or a 2% increase. Staff is proposing an increase in the equity adjustment of \$1,047,000 to \$1,303,500. The reason for the increase is to add budget for the new fire truck (purchased from the 2020 COP) and to fund a distribution of accrued compensated absences.

Changes are being recommended in budgeted expenditures to address the variations in revenue and the needs of the City. Increases in expenditures for the General Fund can be found on Exhibit B. Many of the expenditures are “one time” and will not need to be budgeted on a recurring basis. Of the \$1,805,615 that was requested for the General Fund, adjustments of \$1,464,200 in additional expenditures are being recommended. Capital expenditures include budget for a new fire truck (financed by the 2020 COP in the amount of \$572,000) and tire balancer for the garage (\$10,000). A distribution of accrued compensated absences is being requested in the amount of \$500,000. Additional material supplemental expenditures include budget for animal adoption (has an associated increase in revenue), vehicle maintenance for the Fire Department (\$80,000), heavy equipment maintenance (\$25,000), weed mowing and rubbish abatement (associated increase in revenue), completion of the comprehensive plan (\$60,000), and the cost of cyber liability insurance (\$40,000).

Total changes in revenue are \$1,464,200 for total revenue for the General Fund of \$22,947,712. Total expenditures also increased \$1,464,200 to \$22,947,712. This will result in a balanced budget for the General Fund and ending fund balance of \$4,104,453.

COMMUNITY CENTER AND PARK TAX FUND (Exhibit C & D)

Revenues for the Community Center and Park Tax Fund (CCPT) are derived from Charges for services (27%), sales tax (19%), transfers from other funds (15%), intergovernmental (14% from the NKC School District and 19% ARPA) and facility rental (5%). The fund realized a significant revenue reduction in both charges for services and facility rental due to the pandemic. These revenue streams have rebounded to pre-pandemic levels for the 2023 fiscal year. The decrease in fund balance for the 2022 fiscal year was due to the renovation of the bathhouse (financed by the 2020 COP).

At December 31, 2022, sales tax collections for the fund are 54% of projected budget and 6% over the same time last year. Charges for services and facility rental have increased \$135,000 from the previous year. In lieu of an equity transfer, the City is using ARPA funding of \$1,000,000 to meet the needs of the fund. See Exhibit C for final 2022, 2023 adopted, and 2023 midyear comparisons.

Total budgeted expenditures for the fund are in line with projections (50% of budgeted expenditures used at December 31, 2022). The majority of the adjustments requested for the CCPT fund (see Exhibit D) are to complete unbudgeted HVAC and building repairs. Recommended material adjustments for the fund include \$30,000 for additional maintenance and repairs for the Community Center division and \$60,000 in the natatorium division. Additional budget of \$49,660 to prep and paint the outdoor pool lap area, dive well and zero depth area, and \$27,000 for completion of the bathhouse project (financed from the 2020 COP) is being recommended.

Total projected revenues for the fund are estimated to be \$5,231,581, an increase of \$222,500 from the 2023 adopted revenues of \$5,009,081. Expenditures are projected to increase by \$184,453. Ending fund balance is expected to be \$637,258.

PUBLIC SAFETY SALES TAX FUND (Exhibit E)

Revenue for the Public Safety Sales Tax Fund are in line with budgeted projections. Sales tax collections are 6% over the same time last year. Additional revenue budget has been added to the fund due to increases in interest revenue. An increase in the equity transfer of \$200,000 is being requested to fund the remainder of the radio project (debt issued in FY 2022). Total revenues are projected to increase over original projections by \$222,000 to \$1,302,512.

Actual expenditures are less than budget expectations due to open positions throughout the fiscal year (30% of total expenditures used at December 31, 2022). Additional funding is being recommended to expend the lease proceeds (radios, console upgrades, and 911 voice recorder) and for the purchase of a computer voice stress analyzer (CVSA). Total budgeted expenditures are estimated to be \$1,302,512. Projected ending fund balance for PSST Fund is \$335,275.

CAPITAL IMPROVEMENT SALES TAX FUND (Exhibit F)

Changes in revenue for the CIST Fund are mainly due to interest revenue and additional ARPA funding. Sales tax received is 6% over the same time last year. Additional ARPA funding has been secured from participating entities for the build out of the co-located dispatch. Total revenues for the fund are projected to be \$6,665,000 or an increase of \$692,500.

Changes to the funds expenditures include adding budget for the completion of the Fire Station #2 (\$1,175,000), the remainder of the Police Headquarters (\$4,181,600), City Hall interior (\$200,000) and AJ Farm improvements (financed by the 2020 COP, project has not been determined at this time). Staff is recommending increasing budget authority for the fund from \$5,736,600 to \$19,344,300. Ending fund balance for the fund is projected to be \$340,274.

TRANSPORTATION SALES TAX FUND

There are no recommendations for budget changes for the Transportation Sales Tax Fund.

CAPITAL EQUIPMENT REPLACEMENT FUND (Exhibit G)

Revenue received for the Capital Equipment Replacement Fund are more than projected. Material changes to the funds revenue streams include an \$86,000 increase to Misc. revenue due to interest revenue, insurance settlements, and an increase in equity transfer. Total projected revenue for the fund is \$939,000.

Staff is recommending an increase in budget authority for the fund in the amount of \$300,000. The requested increase will fund the reclamation of the old fuel tanks and purchase of new fuel tanks at the Public Works facility. Total expenditures for the fund are projected to be \$939,000. Estimated ending fund balance will be \$540,342.

COMBINED WATERWORKS AND SEWERAGE SYSTEM (CWSS) FUND (Exhibit H & I)

Actual revenues for the CWSS Fund are in line with projected revenues. Water and sewer usage have been similar to the previous year. The increase in revenue is due to increases in rates. Significant revenue changes to the CWSS fund include an increase of intergovernmental revenue of \$800,000 (County ARPA funds to match City funds for water main replacements) and \$40,000 in Misc. revenue due to increases in interest revenue and the sale of assets. Revenues for the CWSS fund are projected to be \$14,528,296.

Expenditures for the CWSS Fund are \$289,092 over the previous year due to repairs at the secondary basin, chemicals, water and sewer line breaks and replacements, and increased fees from Kansas City for sewer treatment. Staff is recommending increases in budget for the Water Production division of \$304,000 (\$125,000 for chemicals, \$170,000 for the basin repair, and \$9,000 for utility increases). The increases in operations and maintenance include \$150,000 for water main repairs and \$25,000 for additional water meter registers. Recommendations for the sewer division are \$100,000 for an emergency sewer line replacement. Capital and supplemental recommendations include \$1,625,000 (cost of water main replacements financed by 2020 COP and Clay County ARPA) and \$12,500 to relocate an existing meter. Total expenditures for the CWSS fund are projected to be \$14,528,296. Projected ending fund balance for the fund will be \$2,443,953.

PARKS AND PLAYGROUND FUND

Staff is recommending budget of \$3,850 to be expended from the Parks and Playground Fund for signage and repairs for the fitness area at Hobby Hill Park West.

CONCLUSION

In conclusion, the General Fund, the Community Center Park Tax Fund, the Public Safety Sales Tax Fund, Capital Improvement Sales Tax Fund, Transportation Sales Tax Fund, Capital Equipment Replacement Fund, Combined Water and Sewer System Fund, and Parks and Playground Fund will end the fiscal year with a positive fund balance and within policy. These adjustments will assist staff in carrying out council goals and give the City the flexibility needed to continue and improve operations at the City.

Staff recommends changing budget authority for the General Fund to \$22,947,712, CCPT Fund to \$4,594,323, PSST Fund to \$1,302,512, CIST Fund to \$19,344,300, CERF to \$939,000, and CWSS Fund to \$14,528,296. A resolution to amend the 2023 Budget based on recommended budgets will be placed on the Council agenda for consideration on February 27, 2023. If you have any questions, please contact me at your convenience.