

Legislation Text

File #: BILL NO. 21-30, **Version:** 1

An Ordinance approving Amendment No. 9 to the budget for the Fiscal Year ending June 30, 2021, as adopted by Ordinance No. 8905 and Ordinance No. 8906, by amending the authorized expenditures to projected year end amounts for the City of Lee's Summit, Missouri. (F&BC 2-8-21)

Issue/Request:

An Ordinance approving Amendment No. 9 to the budget for the Fiscal Year ending June 30, 2021, as adopted by Ordinance No. 8905 and Ordinance No. 8906, by amending the authorized expenditures to projected year end amounts for the City of Lee's Summit, Missouri.

Key Issues:

Part of the annual budget process includes a period of reviewing and revising expenditures for the current fiscal year. For budgets that are projecting year-end expenditures to be greater than the approved budget expenditure amount, this requires a budget amendment.

The General Fund consists of several departments including Administration, Public Works-Engineering, Police, Fire, Finance, Law, Municipal Court, Public Works-Operations, and Development Services. As a fund, the General Fund year-end expenses are projected to be less than the approved budget expenses. However, because the current practice has been to have the expenditure approval at the department level for the General Fund, those departments that project to have expenses greater than budget require a budget amendment. General Fund departments that are projecting year-end expenses to be greater than the approved budget amount are as follows:

-Finance: This General Fund department is projecting to have expenditures greater than the approved budget amount by \$476,518. The cause of the variance between projected and approved budget expenses is increased expenses related to write-offs to bad debt. Ambulance services are billed as the services occur as revenue then after subsequent collections activity, some accounts must be written-off. This process is done in arrears of the initial billing activities to allow for sufficient opportunity for payment collection.

The following are other funds that have projected to have year-end expenses greater than their budgeted amounts:

-Fund 400 Park COP Debt: This fund is projected to have expenditures greater than the approved budget amount by \$17,500. The variance is related to increased transfer of funds to the Gamber Center.

-Fund 500 Water/Sewer: This fund is projected to have expenditures greater than the approved budget amount by \$956,668. Water/Sewer budget anticipated an impact in water consumption by customers due to COVID-19. While certain business sectors have and are impacted by COVID-19 which resulted in their lower consumption, residential customers have consumed higher levels of water than anticipated in FY21. Lee's Summit Water Utilities customers are 92% residential so the greater level consumption from this customer

category increased water purchase demands which is the primary cause of this variance. As an enterprise fund, these additional expenditures are offset by higher revenues.

-Fund 620 ITS Services: This fund is projected to have expenditures greater than the approved budget amount by \$5,721. The cause of the variance is due to a reduction in project related reimbursements and/or time not charged to budgeted projects from other funds/departments. ITS has adjusted projects to effectively manage and promote remote work environments and other COVID-19 related activities which has shifted project priorities. ITS is also expecting a transfer from the CARES Act funds to cover OT expenses related to deployment of devices purchased with CARES Act funds.

Proposed Council Motion:

FIRST MOTION: I move for second reading of an Ordinance approving Amendment No. 9 to the budget for the Fiscal Year ending June 30, 2021, as adopted by Ordinance No. 8905 and Ordinance No. 8906, by amending the authorized expenditures to projected year end amounts for the City of Lee's Summit, Missouri.

SECOND MOTION: I move for adoption of an Ordinance approving Amendment No. 9 to the budget for the Fiscal Year ending June 30, 2021, as adopted by Ordinance No. 8905 and Ordinance No. 8906, by amending the authorized expenditures to projected year end amounts for the City of Lee's Summit, Missouri.

Brent Boice, Assistant Director of Business Services, Water Utilities

Staff recommends approval of the budget amendment.