

Legislation Text

File #: BILL NO. 21-13, **Version:** 1

An Ordinance approving Amendment No. 12 to the Budget for the Fiscal Year Ending June 30, 2020, as adopted by Ordinance No. 8643 and Ordinance No. 8652, by amending the authorized expenditures of the City of Lee's Summit, Missouri. (F&BC 1/11/21)

Issue/Request:

An Ordinance approving Amendment No. 12 to the Budget for the Fiscal Year Ending June 30, 2020, as adopted by Ordinance No. 8643 and Ordinance No. 8652, by amending the authorized expenditures of the City of Lee's Summit, Missouri.

Key Issues:

To close out each fiscal year it is necessary to review the end of the year expenditures and authorize an amendment for Funds and General Fund Departments that had actual expenditures greater than budgeted expenditures. The following is information about those Funds and General Fund Departments requiring the budget amendment.

General Fund. Overall, the General Fund had actual expenditures less than budgeted expenditures. With that said, because the General Fund is budgeted at a department level, there are three departments that had actual expenditures greater than budgeted expenditures: Police Department, Finance Department, and Public Works-Operations Department.

-Police Department: The Police Department had actual expenditures greater than budgeted expenditures for two primary reasons: (1) There were employees that retired in the Police Department and those employees received payouts for their unused, accumulated leave balances. (2) Throughout FY20, there were vacancies in the Communications/ Dispatch Unit which caused the department to expend more in overtime than the anticipated budget amount.

-Finance Department: The expenses associated with ambulance fees (i.e. bad debt expense and insurance adjustment expense) are in the Finance Department. The actual expenses for the bad debt expense and the insurance adjustment expense were greater than the budgeted amounts, which caused the Finance Department to have actual expenditures greater than budgeted expenditures .

-Public Works-Operations Department: There are several reasons for the actual expenditures greater than budgeted expenditures. (1) Professional fees expense - Over the past year we have dedicated a staff person to oversee the curb program and manage the contract which increased the amount of work completed. (2) Sanitation Services - The budget is over as a result of the sweeping program. Transitioning from the availability of the landfill to using a roll off dumpster. (3) Salt and Sand - We use a the three year average for most of expenses, but we have had mild winters for several years. This has brought the average expenditures for snow control materials down. We also looked at the five year average, but it does not change the numbers much. Last year, we had a more active winter and used much more salt that we have in the recent past. (4) Contract

Services for Snow Removal - This was also over budget as a result of budgeting on a lighter three/five year average and experiencing a more active winter. (5) Maintenance and Repair - Maintenance and repair expenses of vehicles and equipment increase when we have harsher winters. Snow control utilizes equipment 24 hours a day during storms and winter conditions are much harder on equipment as a result.

Road and Bridge Escrow. This fund had actual expenditures greater than budgeted amounts because the City had to escheat (pay out/ transfer) escrow funds, which required the paying out of deposits with interest.

Entitlement Fund. The reason we expended more than what was estimated for the fiscal year (we expended \$431,702) was because our construction projects from the prior program year (multiple minor home repair projects, and Lee's Summit Housing Authorities bathroom rehab project) have a contractual timeframe of 1.5 years for completion, so the majority of those projects were expensed during the 2019-20 fiscal year, but were associated with the award from the 2018-19 program year, and therefore not included in the \$406,232.60 estimation. While monies for construction projects were included in the \$406,232.60 estimation, for 2018-19, \$146,620.80 was awarded for Minor Home Repair, compared to only \$99,000 for 2019-20 (\$100k of the \$406,232.60 estimation was for MHR), that alone is a difference of \$47,620.80. It is important to mention that the City is not expending more funds than we have available.

TIF/ TDD Funds. With the TIF/ TDD Funds, the City collects funds (revenues) and passes those funds through to other entities (expenses). As a result, the actual expenditures being greater than budgeted expenditures for the TIF/ TDD Funds is due to the fact that the City collected more revenues for these funds than budgeted and therefore passed through more expenditures than budgeted. The following TIF/ TDD Funds are included in the budget amendment:

- SummitWoods TIF.
- I-470 Business Center TIF.
- SummitWoods TDD. (This TDD Fund was terminated. The associated expenditures was for the final distribution of monies out of the fund.)
- Ritter Plaza TIF.
- LS Sports Complex TIF. (This is also known as Paragon Star.)
- Longview Farm 2016 TIF.

TIF Application Fund. With the TIF Application Fund, developers agree to deposit funds in order to pay for fees and expenses related to the TIF application process. This includes fees for staff time which is reimbursed to the General Fund. It is important to mention that although the fund had actual expenditures greater than budgeted expenditures, the fund also had actual revenues greater than budgeted revenues. This is important because the increase in revenues to this fund offset the increase in expenditures.

Blue Pkwy & Colbern Rd CID Fund. The expenditure associated with this fund having actual expenditures greater than budgeted expenditures was the expenditure associated with an interest expense.

Public Safety 2020 Fund. The expenditure associated with this fund having actual expenditures greater than budgeted expenditures was the expenditure associated with the appraisal fee for a new Fire Station.

Green Street Improvements Fund. The expenditure associated with this fund having actual

expenditures greater than budgeted expenditures was the expenditure associated with the purchase of property for the Green Street Improvements.

General Obligation Debt Fund. There was additional interest and debt payout compared to the original budget estimate.

Unemployment Trust Fund. There was additional expense related to unemployment compared to the original budget estimate.

Health Insurance Reserve Fund. This fund did not have expenditures budgeted in the original budget ordinance.

Proposed Committee Motion:

I move to recommend to City Council for approval of an Ordinance approving Amendment No. 12 to the Budget for the Fiscal Year Ending June 30, 2020, as adopted by Ordinance No. 8643 and Ordinance No. 8652, by amending the authorized expenditures of the City of Lee's Summit, Missouri.

Proposed City Council Motion:

FIRST MOTION: I move for second reading of an Ordinance approving Amendment No. 12 to the Budget for the Fiscal Year Ending June 30, 2020, as adopted by Ordinance No. 8643 and Ordinance No. 8652, by amending the authorized expenditures of the City of Lee's Summit, Missouri.

SECOND MOTION: I move for adoption of an Ordinance approving Amendment No. 12 to the Budget for the Fiscal Year Ending June 30, 2020, as adopted by Ordinance No. 8643 and Ordinance No. 8652, by amending the authorized expenditures of the City of Lee's Summit, Missouri.

Background:

This budget amendment is part of the annual budget process to close out the completed fiscal year.

Staff recommends approval of the budget amendment ordinance.

Committee Recommendation: [Enter Committee Recommendation text Here]