

## Legislation Text

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**File #:** BILL NO. 19-259, **Version:** 1

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An Ordinance approving Amendment No. 10 to the Budget for the Fiscal Year ending June 30, 2019, as adopted by Ordinance No. 8405, by revising the authorized expenditures of the City of Lee's Summit, Missouri. (F&BC 11/11/19)

Issue/Request:

An Ordinance approving Amendment No. 10 to the Budget for the Fiscal Year ending June 30, 2019, as adopted by Ordinance No. 8405, by revising the authorized expenditures of the City of Lee's Summit, Missouri.

Key Issues:

At the end of each fiscal year, an analysis is done to identify any variance between budgeted expense amounts and the total actual expense amounts for each fund. After this analysis, some funds are identified as having actual expenses exceed budgeted expenses. The variances can be due to several different reasons including anticipated costs being greater than expected, unanticipated costs arising, and/ or errors when the budgets were create, which require a budget amendment for the additional spending authorization.

Background:

The following is information about variances related to operational funds/ departments (i.e. funds with personnel assigned to the funds):

-F100 General Fund: As an entire fund, the General Fund ended FY19 with actual expenditures less than budget by \$2,729,328. However, there was one General Fund department that exceeded their annual budget. Public Works-Operations exceeded their budget by \$30,140 (or 0.6%). The biggest contributor to going over budget was snow control. Lee's Summit experienced a cold and snowy winter that increased expenses for rock salt, employee overtime, and contract services for snow control. Also, the wet spring that Lee's Summit experienced caused a number of stormwater pipe failures which increased the costs of contract repairs.

-F201 Gamber Center: The Gamber Center ended FY19 over budget by \$2,940 (or 0.7%). The variance is related to full-time personnel costs for the payout of accrual banks due to a retirement.

-F202 Lovell Community Center at Legacy Park: This fund ended FY19 with expenses greater than budget by \$29,975 (or approximately 1%). The variance is related to the a transfer to the Park Development Fund for the renovation of Longview Community Center.

-F510 Airport Fund: The Airport Fund ended FY19 with expenses greater than budget by \$29,119 (or approximately 1%). The variance is primarily due to the increase in fuel sales, which is purchased for resale.

The following is information about variances related to TIF and TDD funds (F300, F303, F304, F307, F350, and F351): These funds are pass through funds, which means that the revenue is collected by the city and passed

on to outside entities which show up as expenses. The expense obligations are linked to revenues and associated contracts, and the payments are nondiscretionary. For future budgets, City staff would like to explore the possibility of modifying the practices of how these funds are budgeted.

The following is information about variances related to Capital Project funds (F313, F321, F323, F324, F327, F338, F342, F345, F346, F347, F348, and 352): In previous fiscal years, unspent project funds have not been carried over from one fiscal year to the next. Moving forward, City staff will bring forward an amendment to roll forward the unspent budget appropriations for capital projects from the previous fiscal year to the current fiscal year. When this does not occur, it has the potential to cause budget and actual expense variances.

The following is information related to the Debt Service funds: For both F400 General Obligation Debt fund and F410 Park COP Debt fund, actual expenses exceeded budgeted expenses. To offset the variance, both funds also had actual revenues exceed budgeted revenues.

The following is information about the variances in the remaining funds:

-F275 Public Safety Equipment Replacement Fund: This fund ended FY19 with actuals greater than budgeted amounts by \$78,478. Originally, it was not anticipated that there would be expenses out of this fund due to the replacement of items being on a schedule; however, there was a need to use accumulated funds to replace public safety items during FY19. It is important to mention that the funds had been set aside in this fund during prior fiscal years and in FY19 for the replacement of public safety equipment.

-F670 Health Insurance Reserve Fund: This fund ended FY19 with actual expenses greater than budgeted expenses by \$18,125. It is important to mention that revenues for this fund offset the expense variance, with revenues coming in greater than expenses by approximately \$200,000, which is a net increase of that amount to the fund balance for F670.

Proposed Council Motion:

FIRST READING: I move for second reading of an Ordinance approving Amendment No. 10 to the Budget for the Fiscal Year ending June 30, 2019, as adopted by Ordinance No. 8405, by revising the authorized expenditures of the City of Lee's Summit, Missouri.

SECOND READING: I move for adoption of an Ordinance approving Amendment No. 10 to the Budget for the Fiscal Year ending June 30, 2019, as adopted by Ordinance No. 8405, by revising the authorized expenditures of the City of Lee's Summit, Missouri.

Chris Clubine, Management Analyst III

Staff recommends approval.

At the November 11, 2019 Finance and Budget Committee a motion was made by Vice Chair Lopez, seconded by Councilmember Carlyle, that this Ordinance be recommended for approval to the City Council. The motion carried unanimously.

