

Legislation Text

File #: BILL NO. 16-266, **Version:** 1

AN ORDINANCE APPROVING AMENDMENT NO. 10 TO THE BUDGET FOR THE FISCAL YEAR ENDING JUNE 30, 2016, AS ADOPTED BY ORDINANCE NO. 7662, BY REVISING THE AUTHORIZED BUDGET EXPENDITURES OF THE CITY OF LEE'S SUMMIT, MO. (F&BC 12/5/16)

Issue/Request:

AN ORDINANCE APPROVING AMENDMENT NO. 10 TO THE BUDGET FOR THE FISCAL YEAR ENDING JUNE 30, 2016, AS ADOPTED BY ORDINANCE NO. 7662, BY REVISING THE AUTHORIZED BUDGET EXPENDITURES OF THE CITY OF LEE'S SUMMIT, MO.

Key Issues:

At the end of each fiscal year, an analysis is done to identify any variance between budgeted amounts and the total expense for each fund. After this analysis, some funds are identified as being over budget due to anticipated costs, unanticipated costs, or incorrect budgets which requires a budget amendment for additional spending authorization.

This amendment allows for the revision of the funds where indicated. Funds are available to cover the necessary expenses and transfers.

Proposed Committee Motion:

I move to recommend to the City Council approval of AN ORDINANCE APPROVING AMENDMENT NO. 10 TO THE BUDGET FOR THE FISCAL YEAR ENDING JUNE 30, 2016, AS ADOPTED BY ORDINANCE 7662, BY REVISING THE AUTHORIZED EXPENDITURES OF THE CITY OF LEE'S SUMMIT, MO.

Background:

F100 General Fund

The General Fund finished FY16 with expenditures \$2,051,163 under budget. However the Fire Department exceeded their annual budget. To offset these expenses, savings from other departments will be used, eliminating the need to utilize reserve funds.

The Fire Department budget ended the fiscal year \$42,502 over budget. This is primarily attributed to paying overtime to maintain minimum staffing levels amidst retirements, military deployment, and turnover.

F201 Gamber Center

Total expenditures for the Gamber Center Fund are \$11,949 over budget due to variances in Professional Fees and Miscellaneous Equipment. Professional Fees are higher due to instructor fees related to the increased revenue from activities. The Miscellaneous Equipment account includes expenditures for a ping pong table and fitness equipment controllers that were not anticipated in the original budget.

F220 Business & Industry Fund

The Business and Industry Fund collects proceeds from the hotel/motel tax which has typically helped fund economic development and tourism services provided by community partner organizations. The approved total budget for this fund was a scrivener's error, and the fund has performed as expected. As a result of increased revenues, the fund ran a budget surplus of \$112,763.

F240 Entitlement Fund

The Entitlement Fund administers the funds received through the Community Development Block Grant program (CDBG). Budgeted revenues for FY2016 were expected to be in line with that of FY2015, but received an increase in allocated funding (\$474,295). This in turn increased the funds available for expenditure.

F303 I470 Business Center TIF

Tax Increment Financing (TIF) funds' annual budgets are created by anticipating revenues that are passed through to pay for specified costs. This fiscal year, the fund generated greater economic activity tax (EATs) revenue higher than budgeted. This allowed for higher amounts of costs being reimbursed in the TIF, as defined by the redevelopment agreement.

F306 Chapel Ridge TIF

Tax Increment Financing (TIF) funds' annual budgets are created by anticipating revenues that are passed through to pay for specified costs. This special revenue fund is utilized to repay obligations relating to the Chapel Ridge TIF. Of the \$2,294,425 in total expenditures, \$2,273,573 was forwarded to Commerce Bank, Trustee on the 2007 Strother TDD Bonds, to pay principal and interest on the Strother TDD Bonds. The Chapel Ridge TIF had accumulated monies prior to FY2016, and those funds were added to the monies generated in FY16 to redeem bonds and pay the regularly scheduled principal and interest.

F320 Landfill Construction (Closed FY16)

The Landfill Construction Fund accounts for capital improvement project expenses for the landfill. In FY2016, this fund was closed on March 1, 2016. In order to complete the consolidation in the accounting system, transfers were made between construction and operation. This did not change the overall net position of the landfill fund.

F323 R & B Excise Tax

The Excise Tax is paid for development that generates new traffic in the city in the form of a license tax on building contractors. This revenue is available for road improvements throughout the City that are required due to growth to some degree. The expenses for FY16 are related to discounts for excise tax credits used in development (\$100,663).

F331 Fire Fac #7 Construction (Closed FY16)

This fund closed in FY2016, with the balance transferred to the General Fund in the amount \$170,782.

F335 Downtown Improv (Closed FY16)

Fund closed in FY2016, with the balance transferred to the General Fund in the amount \$75,643.

F339 Arterial Street Lights II

This fund administers costs relating to capital projects for arterial street lighting in the Capital Improvement Plan. Funds in this budget were used in FY16 for street lighting in the 2nd Street corridor project. Total construction costs relating to this project were \$71,011.

F340 Public Safety 2010 (Closed FY16)

Fund closed in FY2016, with the balance transferred to the General Fund in the amount \$211,930.

F341 Infrastructure Improv 2010

The Infrastructure Improvement Fund 2010 is dedicated to residential curb replacement and sidewalk rehabilitation. The revenue for this fund was as a result of bond proceeds. Construction costs of \$138,056 were expended for the 2nd Street corridor project.

F343 Tudor Rd Improvements 2010

This fund administers the construction costs related to the Tudor Road improvements between Ward Road and Douglas. Funding was approved for this capital project via the 2010 bond election, in the amount of \$11,143,000. In 2016, unallocated CIP Sales Tax revenue was contributed to the project budget (\$2,056,000), which resulted in additional expendable funds to accommodate higher than expected project costs.

F345 TIF Application Fund

This fund holds application deposits for various development projects that are in the exploration phase and have not yet been approved by the City. Application deposits are the funding source for these expenditures. The City experienced higher levels of economic development activity in FY2016 than FY2015, in turn causing a higher level of expenditure.

F348 Blue Pkwy & Colbern Rd CID Fund

The City is the fiscal agent for the Blue Parkway & Colbern Road Community Improvement District. The annual budget is derived by passing through anticipated revenues for specified costs. This Fund includes the Unity Village Escrow Account. The excess budget expenditures were related to construction that was anticipated to be completed in the previous fiscal year.

F520 Solid Waste Management

In order to consolidate the funds relating to Solid Waste in the accounting system, transfers were made between operations and construction. This did not change the overall position of the landfill fund. The transaction was an entry to close two funds into one.

F640 Unemployment Trust Fund

This fund was established to provide a self-insurance mechanism to fund liabilities related to unemployment claims filed by former City employees. This fund is typically budgeted using a three-year average of claims paid. For FY2016, total expenditures were \$2,766 (8.57%) over budget.

F650 Claims & Damages Reserve Fund

Beginning in FY2015, this fund has been administered in a similar fashion to other self-insurance funds the City utilizes. These funds charge premiums to departments and centrally pay all claims and damages for the insurance fund. Claims and damages total expenditure came in slightly higher than budgeted (\$7,926; 0.91%) as a result of claims against the City.

F670 Health Insurance Reserve Fund

The Health Insurance Reserve Fund administers costs relating to health insurance such as claims, terminal liability and administrative costs charged by the City's insurer. A portion of each employee's health insurance premium is allocated to this fund as revenue. The fund experienced higher than budgeted fees and taxes relating to the Affordable Care Act. This line item was \$58,204 over budget.

Presenter: Jack Feldman

Recommendation: Staff recommends approval of AN ORDINANCE APPROVING AMENDMENT NO. 10 TO THE BUDGET FOR THE FISCAL YEAR ENDING JUNE 30, 2016, AS ADOPTED BY ORDINANCE NO. 7662, BY REVISING THE AUTHORIZED BUDGET EXPENDITURES OF THE CITY OF LEE'S SUMMIT, MO.

Committee Recommendation: On motion by Councilmember Forte, second by Vice Chair Seif, the Committee voted unanimously that this ordinance be recommended for approval.