

Budget Message

FY2018 was a year focused on fiscal conservation and budgetary compliance. The City Council participated in budget review meetings and as needed, adjusted the budget. Therefore, as the fiscal year end nears, we can see the results of proactive budget planning and reactive budget review in the final balances of the FY2018 budget. The following points are an overview of the FY2018 budget.

Personnel

Personnel costs are substantial portions of any business or municipal budget. The City is no exception. Services such as police protection, nuisance and code enforcement, parks and recreation, street maintenance, utility service, and general governmental support require personnel and resources that must be constantly balanced. In the FY2010 and FY2011 budgets the City downsized staffing through attrition, retirement, and a reduction in force.

With the economy improving, the City added an additional Detective (FY2016) and 2 SRO's (FY2016 and FY2018) to the Police Department. A Code Enforcement Officer was added to the Building Department in FY2017/2018.

In April of 2018, voters approved Franklin County Proposition P. Proposition P is a one half of one percent sales tax earmarked for county and municipal law enforcement. Projections for the City of Sullivan's share of the tax have been estimated to be \$185,000 for Fiscal Year 2019 and \$246,473 annually. Taxes will be collected starting October 1 with revenues being received by the City starting in January 2019. The tax is to be used for the compensation of City of Sullivan Law Enforcement Officers. The FY2019 Budget includes a 3% step increase for officers using the anticipated Prop P funds. Once the funds are collected by the City, a budget adjustment to expend those remaining funds is anticipated. The Board of Aldermen are working on how the remaining funds will be expended.

The City Council has given approval for a 3% pay grade step increase for all other fulltime City employee's for FY2019.

General Fund

FY2018 budgeted sales tax revenues were estimated to be \$1,570,000 and property tax revenues of \$400,000. Actual FY2018 sales tax revenues were \$1,596,370 and property revenues of \$407,889. FY2019 sales tax revenues are budgeted to be \$1,578,000 and property tax revenue of \$400,000. The FY2019 budgeted sales tax revenue projection has been increased by \$8,000, over the FY2018 budgeted amount, which is in line with the FY2016, FY2017, and FY2018 actual receipts.

The FY2019 General Fund estimated budget revenues are \$4,408,750 and with expenditures at \$4,408,702. FY2018 revenues were \$4,555,105 and expenditures of \$4,639,433. The general fund comprises most of the operations of general governmental activities. (FY2018 figures as of September 30, 2018.)

Economic Development

The economy appears to be rebounding and we have seen the expansion of some industries and business in the community. The City has been and is still in discussions with some local and non-local industries looking at creating jobs in Sullivan. In the next year we also expect to see some additional retailers coming to Sullivan. The City will continue to focus on finding adequate uses for its UDAG funds, City owned properties, and the Enhanced Enterprise Zone to promote economic development and create jobs.

Transportation

Motor Fuel Tax Fund monies will be used in FY2019 to purchase commodities such as road salt and to continue the successful “Novachip” (Ultrathin Bonding) process of overlaying streets. This has replaced the “chip and seal” process. In FY2016, the City of Sullivan saw the completion of the much-anticipated Springfield Road and Elmont Road signalization project. The City is working with MoDOT on signalization of Exit 226. The Sullivan Regional Airport received approval to build 10 additional hangars and it is anticipated that most upgrades at the airport will still be paid via entitlement funds through MoDOT at 90% which is not a major burden to the general fund as in the past.

Parks & Recreation

In FY2019, the City of Sullivan will continue to make, as it did in FY2017 and FY2018, a substantial capital investment in maintaining and adding to the Parks & Recreation infrastructure. Recent and current projects include: a pocket park, a trail, a splash park, and other improvements.

In FY2019 there will also be the continued focus on revenue versus expenditure percentages to adequately justify any Parks program. We will continue to work on the future planning of the Sullivan Parks and Recreation system. The goal of FY2019 will be to once again set measureable and obtainable goals for the improvements and to maintain a fiscally responsible Parks & Recreation Department.

Grants

It is anticipated that federal and state funding will continue in FY2019 but at a decreased level as compared to previous years. As with most capital projects that are partially externally funded, the City will be required to bear the cost and seek reimbursement. Such funding will be represented in Surface Transportation Program – Urban, airport entitlement funds, etc. The amount of monies fluctuates with the project and funding source.

Capital Improvement

In FY2016, the City of Sullivan completed several capital improvement projects such as sealing and/or resurfacing several city parking lots, resurfacing of the basketball and tennis courts, grandstand fencing, skating rink & Police Department roof repairs, an ADA accessible ramp at City Hall, and several equipment replacement items.

In FY2017, the City began work on the North Side Park and Trail and the City Lake trail extension. The Police Department upgraded their dispatching and phone systems. The Parks and Street Department building received a new roof.

In FY2018, the City developed the North Side Park, a splash park, new sidewalk and restroom, and trail improvements, and several capital equipment purchases.

In FY2019, Capital Improvement goals include a sidewalk from Main St. to Sappington Bridge Road, the beginning of the Fisher St sidewalk project, splash park restroom, Vogelsang Trail Head improvements, and Jim Bottomley Park improvements.

In FY2015, the last payment was made on the 1994 General Obligation Bond. Now that the bond debt has been retired, additional funds are available for other capital improvement items.

Enterprise Funds

In FY2010, the City joined a group of “Sho-Me” cities to form the Mid-Missouri Municipal Power Energy Pool (MMMPEP) to find alternatives to Sho-Me Power as a supplier of electricity and to meet the 2013 deadline for which notice had been given to the cities by Sho-Me. In FY2012 a new supplier was identified and contracted for service. In FY2013 the City began receiving power from the new supplier at a lower rate than previously charged by Sho-Me Power. In FY2016, a large amount of time was dedicated to researching a future supplier as the contract will expired in the Spring of 2018. A supplier was identified, and a ten-year agreement was secured. The Electric Department has mostly purchased and installed an Automatic Meter Reader system to improve the accuracy and speed of meter data and for the assistance in repairing outages. At this time it is not expected for the rates to the City of Sullivan to increase nor are the rates charged to its customers budgeted to increase in FY2019.

In FY2016, the City placed the four water towers on a painting and preventive maintenance contract and completed the installation of a water tower level and well monitoring system. In FY2019, the Water Department will continue the work on adding additional drinking water sources as well as water main extensions to the system. In conjunction with the Electric Department, the Water Department also purchased and installed an Automatic Meter Reader meters to work in tandem to the electric meters. In FY2018 the Water Department installed security fencing for all water towers. The City is still expected to upgrade the sewer collection system to minimize inflow and infiltration into the system. This will be a slow and expensive process, requiring a systematic approach and perseverance to complete the upgrade. Some pipes will require replacement while some may be relined. At this time it is not expected nor budgeted for the water or sewer rates to increase in FY2019.

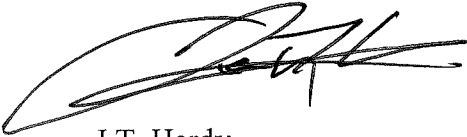
Conclusion

At the end of FY2018, the General Fund ended with expenditures exceeding revenues. This was caused by a \$362,557 transfer from General Fund to the Special Reserve Fund of monies from the past sales of city owned properties. The FY2019 Budget projects the General Fund revenues to be approximately \$48 more than expenditures.

The overall FY2018 Budget will end with revenues exceeding expenditures partly due to conservative budgeted revenue projections, restrictive expenditure policies, periodic budget meetings, some larger projects not being completed in FY2018, and from responsible fiscal measures taken by the Board of Aldermen and Staff.

The overall FY2019 Budget is projected with \$22.4 million in revenues and \$22.4 million in expenditures. The FY2019 overall budget is balanced.

The overall financial health of the City is good and stable.



J.T. Hardy
Budget Officer

September 30, 2018

FY2019 Revenue

Fund	Balance Forward	Taxes	Fines & Forfeitures	Licenses & Permits	Charges for Services	Intergovernmental	Miscellaneous	Total Revenues	Total Rev+Bal Fwd
General Fund	\$ 813,888	\$ 1,978,000	\$ 75,000	\$ 236,000	\$ 528,750	\$ 1,420,000	\$ 171,000	\$ 4,408,750	\$ 5,222,638
Motor Fuel Tax	\$ 327,654	\$ 279,000						\$ 279,000	\$ 606,654
Library	\$ -	\$ 4,000						\$ 4,000	\$ 4,000
Cultural Grant	\$ 245								\$ 245
Delta Regional Authority	\$ -								\$ -
Federal Grants	\$ 77,146					\$ 200,000		\$ 200,000	\$ 277,146
State Grants Fund 10	\$ -					\$ 10,000		\$ 10,000	\$ 10,000
State Grants Fund 11	\$ -								\$ -
Drug Enforcement	\$ 2,588								\$ 2,588
Stormwater Management	\$ 109,497			\$ 10,000				\$ 10,000	\$ 119,497
UDAG	\$ 1,218,670						\$ 5,500	\$ 5,500	\$ 1,224,170
MoDAG	\$ 55,477								\$ 55,477
GO DS 1994 Authorization	\$ -								\$ -
Capital Improvement	\$ 2,455,420	\$ 775,000				\$ 170,500	\$ 13,500	\$ 959,000	\$ 3,414,420
Elmont Overpass Project	\$ 4,417,536	\$ 775,000					\$ 10,000	\$ 785,000	\$ 5,202,536
Special Reserve	\$ -								\$ -
Electric	\$ 10,031,161	\$ 200,000			\$ 9,680,000		\$ 56,525	\$ 9,959,525	\$ 19,990,686
Solid Waste	\$ 96,079				\$ 410,000			\$ 410,000	\$ 506,079
CWSS	\$ 1,986,694	\$ 24,000			\$ 3,230,000		\$ 354,000	\$ 3,643,000	\$ 5,629,694
Sullivan Municipal Utilities	\$ 67,422						\$ 456,150	\$ 456,150	\$ 523,572
Employee Health Benefits	\$ 414,873					\$ 937,000		\$ 937,000	\$ 1,351,873
Prop P LEO Comp Fund	\$ -	\$ 185,000						\$ 185,000	\$ 185,000
Marshal Bond	\$ 2,453							\$ 2,453	\$ 2,453
Restitution	\$ 837							\$ 837	\$ 837
Dangerous Building	\$ -						\$ 15,000	\$ 15,000	\$ 15,000
Oak Grove Transport.	\$ 594,509					\$ 73,000	\$ 200	\$ 73,200	\$ 667,709
Sullivan Emergency Asst	\$ -				\$ 500			\$ 500	\$ 500
	\$ 22,672,149	\$ 4,220,000	\$ 137,000	\$ 304,000	\$ 13,849,250	\$ 2,810,500	\$ 1,081,875	\$ 45,074,774	\$ 45,074,774
							Total Less Bal Fwd		\$ 22,402,625

FY2019 Expenses
Fund

Rev - Exp **Fund Balance**

Total

Personnel Svcs **Contract Svcs** **Commodities** **Capital Outlay** **Contributions** **Non-operating**

General Fund

Function	Personnel Svcs	Contract Svcs	Commodities	Capital Outlay	Contributions	Non-operating	Total	Rev - Exp	Fund Balance
Mayor & Board	\$ 28,420	\$ 3,700	\$ 300		\$ 4,700		\$ 37,120		
Municipal Court	\$ 58,970	\$ 21,150	\$ 1,000				\$ 81,120		
P&Z Commission		\$ 400	\$ 100				\$ 500		
Board of Adjustment		\$ 300					\$ 300		
Airport Board		\$ 600					\$ 600		
Tree City USA Committee		\$ 500	\$ 2,000				\$ 2,500		
Administration	\$ 140,900	\$ 37,950	\$ 2,300		\$ 16,000		\$ 197,150		
City Clerk	\$ 166,450	\$ 32,750	\$ 1,800				\$ 201,000		
Elections		\$ 650	\$ 4,700				\$ 5,350		
Economic Development		\$ 4,600	\$ 500				\$ 5,100		
Engineering							\$ -		
Custodial	\$ 21,850	\$ -	\$ 1,500				\$ 23,350		
City Hall		\$ 28,500	\$ 700				\$ 29,200		
Other Buildings		\$ 5,000	\$ 2,000				\$ 7,000		
Public Grounds		\$ 4,500	\$ 1,000				\$ 5,500		
Workers Compensation		\$ 54,000					\$ 54,000		
Insurance, Liability		\$ 73,000					\$ 73,000		
Insurance, Other		\$ 32,500					\$ 32,500		
Oak Grove Village		\$ 146,000					\$ 146,000		
Police Department	\$ 1,061,500	\$ 139,950	\$ 63,500				\$ 1,264,950		
Investigative Services	\$ 162,552	\$ 2,700	\$ 5,000				\$ 170,252		
School Resource Officer	\$ 191,800	\$ 1,750	\$ 3,700				\$ 197,250		
City Jail		\$ 1,000	\$ 4,000				\$ 5,000		
Communications Center	\$ 288,300	\$ 8,100	\$ 5,000				\$ 301,400		
Emergency Management		\$ 8,000	\$ 2,000				\$ 10,000		
DWI/Drug Enforcement		\$ 8,000	\$ 2,000		\$ 5,000		\$ 15,000		
Animal Control	\$ 57,050	\$ 5,900	\$ 2,200				\$ 65,150		
Code Administration	\$ 144,800	\$ 17,950	\$ 2,500				\$ 165,250		
Traffic Engineering							\$ -		
Streets & Highways	\$ 403,400	\$ 39,200	\$ 38,800				\$ 481,400		
Snow Removal		\$ 2,000					\$ 2,000		
Maintenance Buildings		\$ 5,000					\$ 5,000		
Street Cleaning		\$ 4,000	\$ 3,000				\$ 7,000		
Sullivan Regional Airport		\$ 38,500	\$ 145,500				\$ 184,000		
Solid Waste (Compost)							\$ -		
Parks & Recreation	\$ 367,250	\$ 35,300	\$ 37,000				\$ 439,550		
Chamber of Commerce/Visitors Bureau		\$ 6,000					\$ 6,000		
Fairgrounds		\$ 200	\$ 2,000				\$ 2,200		
Fair/Festivals		\$ 16,500	\$ 200				\$ 16,700		
Swimming Pool	\$ 49,300	\$ 26,650	\$ 11,000				\$ 86,950		
Community Center		\$ 16,660	\$ 500				\$ 17,160		
Skating Rink	\$ 11,900	\$ 7,300	\$ 1,000				\$ 20,200		

