

STAFF REPORT

DATE: December 2, 2025

TO: Ted Henry, City Manager

FROM: Barry Smith, Finance Director

RE: 2025 Budget Amendment



SUMMARY:

Per state legislation, local units of government are allowed to amend their annual budget if needed. The amended budget must balance any proposed increase in spending with new revenue from sources other than property taxes. Some common reasons for budget amendments include:

- Increases in unexpected expenditures in the current fiscal year, for example, street maintenance.
- Additional approved projects or grants that were not in the current fiscal year budget.
- To record transfers from one fund to another that were not originally budgeted.
- Grant programs that were awarded after the current fiscal year budget was adopted.

LEGAL IMPLICATIONS:

K.S.A. 79-2929a outlines the process a city must follow if a budget amendment is needed. The process is like the annual budget process cities follow every year. Additional property taxes cannot be levied during the amendment process. The revenue neutral rate requirements do not apply but the public notice, hearing, adoption, submission, and filing requirements do apply.

FINANCIAL CONSIDERATION:

The budget amendment process will balance all increased spending with new revenue from sources other than property taxes. In the City's case, all additional revenue sources will come from unencumbered fund balances and transfers from other funds. The proposed amendment timeline is as follows:

- **Nov 18th** – staff will review the 2025 budget amendment process during the Discussion and Future Issues portion of the agenda.
- **Dec 2nd** – Staff will present the proposed 2025 budget amendment to City Council and request to set the public hearing for the 2025 budget amendment on Dec 16th, 2025.
- **Dec 4th** - The 2025 budget amendment Notice of Hearing will be published in the Ark Valley News. The publication date must be at least 10 days before the scheduled hearing.
 - *To meet the public notice requirement.*
- **Dec 16th** – Hold the 2025 budget amendment public hearing, close the public hearing, and adopt the 2025 budget amendment.
 - *To meet the hearing and adoption requirements.*
- **Dec 17th** – Staff will submit the approved budget amendment to Sedgwick County who will subsequently submit the budget amendment to the State of Kansas.
 - *To meet the submission and filing requirements.*

2025 Budget Amendments and Explanation:

General Fund:

- The General Fund is being amended to record updated revenue projections, revenues received from the Land Bank Fund and record the expense of transferring these funds to the Capital Improvement Fund along with additional increases in contractual services in the Administration Department. The proceeds were used for the City's match for the BASE grant and the additional equipment/furniture needed to complete the new public works building.
 - 2025 Adopted revenue: \$9,104,441
 - 2025 Adopted expenses: \$9,447,214
 - 2025 Adopted change in fund balance: (\$335,461)
 - *2025 Adopted State Form Budget total expense of \$12,062,343 including a cash carryover amount of \$2,615,129*
 - 2025 Amended revenues: \$12,499,500
 - 2025 Amended expenses: \$12,834,961
 - 2025 Amended change in fund balance: (\$335,461)
 - *2025 Amended Budget State Form Budget total expense is \$15,878,872 including a cash carryover amount of \$3,043,911*

Streets:

- The 2024 Streets program was delayed due to scheduling and weather conflicts. Since the 2025 budget was already adopted and published before these delays were realized, the 2025 Streets budget must be amended to incorporate the 2024 streets program expenses to the 2025 budget.
 - 2025 Adopted revenue: \$1,273,680
 - 2025 Adopted expenses: \$1,368,695
 - 2025 Adopted change in fund balance: (\$95,015)
 - *2025 Adopted State Form Budget total expense of \$1,562,906 including a cash carryover amount of \$194,211*
 - 2025 Amended revenues: \$1,336,464
 - 2025 Amended expenses: \$2,649,700
 - 2025 Amended change in fund balance: (\$1,313,236)
 - *2025 Amended Budget State Form Budget total expense is \$2,876,096 including a cash carryover amount of \$226,396*

Land Bank:

- The Land Bank Fund is being amended to record the expense of moving the City's match for the BASE Grant to the General Fund
 - 2025 Adopted revenue: \$6,157,946
 - 2025 Adopted expenses: \$5,000
 - 2025 Adopted change in fund balance: \$85,000
 - *2025 Adopted State Form Budget total expense of \$40,000 including a cash carryover amount of \$35,000*
 - 2025 Amended revenues: \$6,330,593
 - 2025 Amended expenses: \$2,682,597
 - 2025 Amended change in fund balance: (\$2,557,597)
 - *2025 Amended Budget State Form Budget total expense is \$6,330,593 including a cash carryover amount of \$3,647,996*

Water:

- The water fund is being amended to capture the additional expense for the 2025 water line project, additional water service installs, the purchase of a new pump for the pumpstation, and a reduction in expenses to correct the personnel totals. The water line project was incorporated into the 2025 budget at a total amount of \$400,000. The City was able to fit another water line into this project which made the new total of \$781,000.
 - 2025 Adopted revenue: \$4,043,436
 - 2025 Adopted expenses: \$4,034,536
 - 2025 Adopted change in fund balance: \$8,900
 - *2025 Adopted State Form Budget total expense of \$5,074,033 including a cash carryover amount of \$1,039,497*
 - 2025 Amended revenues: \$3,697,037
 - 2025 Amended expenses: \$4,555,975
 - 2025 Amended change in fund balance: (\$858,938)
 - *2025 Amended Budget State Form Budget total expense is \$6,047,496 including a cash carryover amount of \$1,491,521*

Sewer:

- The sewer Fund is being amended to correct the personnel totals. During the 2025 budget entry process, the Sewer and Water totals were flipped. This corrects that error.
 - 2025 Adopted revenue: \$3,269,872
 - 2025 Adopted expenses: \$3,340,381
 - 2025 Adopted change in fund balance: (\$70,509)
 - *2025 Adopted State Form Budget total expense of \$4,359,553 including a cash carryover amount of \$1,019,172*
 - 2025 Amended revenues: \$3,410,797
 - 2025 Amended expenses: \$3,450,091
 - 2025 Amended change in fund balance: (\$39,294)
 - *2025 Amended Budget State Form Budget total expense is \$4,950,478 including a cash carryover amount of \$1,500,387*

Storm Water:

- The Storm Water Fund is being amended to record the Local Bridge Improvement Grant revenues received from KDOT for the bridge replacement near 45h and Oliver. It also records the additional expenses for 45th and Oliver and the 53rd street bridge replacement.
 - 2025 Adopted revenue: \$99,500
 - 2025 Adopted expenses: \$410,000
 - 2025 Adopted change in fund balance: (\$310,500)
 - *2025 Adopted State Form Budget total expense of \$475,497 including a cash carryover amount of \$65,497*
 - 2025 Amended revenues: \$300,000
 - 2025 Amended expenses: \$610,000
 - 2025 Amended change in fund balance: (\$310,000)
 - *2025 Amended Budget State Form Budget total expense is \$749,497 including a cash carryover amount of \$139,497*

RECOMMENDATION:

Approve the Notice of Budget Hearing for Amending the 2025 Budget for the City of Bel Aire for publication in the December 4th edition of the Ark Valley News and establish December 16th, 2025, at 7:00 pm for the 2025 Budget Amendment Public Hearing.