



City of Carthage, Missouri
**BUDGET WAYS & MEANS
COMMITTEE**

March 9, 2026 - 5:30 PM
CITY HALL COUNCIL CHAMBERS

AGENDA

- 1. Call to Order**
- 2. Old Business**
 1. Approval of Feb 9, 2026 N=Minutes
- 3. Citizens Participation**
(Citizens wishing to speak should notify Department Head or Committee Chair in advance)
- 4. New Business**
 1. Consider and Discuss Budget Goals
 2. Consider and Discuss Budget Adjustment for Park Lighting Installation
 3. Staff Reports
- 5. Adjournment**

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City of Carthage, Missouri

BUDGET WAYS & MEANS COMMITTEE

February 9, 2026 - 5:30 PM
CITY HALL COUNCIL CHAMBERS

MINUTES

1. Call to Order

MEMBERS PRESENT: Alan Snow, Jana Schramm, David Thorn

MEMBERS ABSENT: Derek Peterson

OTHER COUNCIL MEMBERS: Mayor David B. Flanigan, Beth Kang

STAFF PRESENT: City Administrator Traci Cox, Administrative Assistant Dorothy Weber, IT Director Michael Keith

Chair Alan Snow called the meeting to order at 5:30 PM

2. Old Business

1. Approve Jan 12, 2025 Minutes

ACTION: Motion to Approve Jan 12, 2026 Minutes by David Thorn
Motion passed with a 3:0

AYES: Jana Schramm, David Thorn, Alan Snow

NOES: None

ABSTAIN: None

3. Citizens Participation

(Citizens wishing to speak should notify Department Head or Committee Chair in advance)

4. New Business

1. Consider and Discuss Budget Adjustment Resolution for Police Department Donation Money

The PD asked to make a budget adjustment in the amount of 9800.00. The actual amount is 9845.92. Jana Schramm asked about that amount being in the budget and how that amount was missed by that department at the end of the FY. Traci Cox stated that she would look into it and get the details.

ACTION: Motion to forward to Council with the amended amount of 9845.92 by Alan Snow

Motion passed with a 3:0

AYES: Jana Schramm, Alan Snow, David Thorn

NOES: None

ABSTAIN: None

2. Consider and Discuss Council Member Ward Residency Council Bill
Traci Cox stated that the State Statute 77.060 in order to file for election is different than our code and charter. The City would like to amend so that Carthage follows state statute. Mayor Flanigan stated that it was in the code before Carthage became a charter city.

ACTION: Motion to forward Council Member Ward Residency Council Bill to Council by David Thorn
Motion passed with a 3:0

AYES: Jana Schramm, Alan Snow, David Thorn

NOES: None

ABSTAIN: None

3. Discuss Administration and IT Capital Requests
Michael Keith went over his Capital Projects list. He stated that he would like to upgrade the PD from 4G to 5G. A grant may be available to do that. He stated that he would like to continue the IT equipment upgrades, stating that some departments are using old/obsolete computers. Traci Cox, Alan Snow, David Thorn and Jana Schramm all stated that they would like to see the budget reconfigured with the true cost of IT in the different departments. Michael Keith then spoke about switching cell phone providers. Jana Schramm stated that she would like to see a side-by-side cost analysis on the pros and cons of switching. The cell phone conversation was tabled until the next meeting. Alan Snow asked about any Council chambers upgrades/improvements. Michael Keith said that some people have asked for mutable microphones. Traci Cox stated that Admin is asking for \$10,000 in capital for City Hall improvements. Those include painting the back stairwell, Mayors office improvements and Admin suite office improvements. Traci Cox stated that there may be a \$23,000 carry-over for Incode upgrades. She explained that Carthage is on the list for the new software to be installed but has not made it to the top of the list yet.

4. Staff Reports
Traci Cox stated that the Use Tax is up for the month and for the same time as last year. Sales tax is up for the month but lower than the same time as last year. Alan Snow talked about meetings that he and the Mayor have had with department heads about their upcoming budgets.

5. Adjournment

ACTION:	Motion to Adjourn by Jana Schramm at 6:48 PM
	Motion passed with a 3:0
AYES:	Jana Schramm, Alan Snow, David Thorn
NOES:	None
ABSTAIN:	None

Overall Goals and Priorities for Establishing Fiscal 2026

Budget

The City allocates limited resources to programs and services through the budget process. A budget is a document that sets forth the financial plan the City will follow in providing services to its citizens in any given year. It contains guidelines for normal operations as well as capital improvements to benefit the future of the City. Primary among the responsibilities that the City has to its citizens is the care of public funds and wise management of government finances while providing for the adequate funding of the services desired by the public and the maintenance of public facilities. The budget is also an instrument whereby basic policies of the City can be presented along with their impact on services and operations. Further, the budget is used to monitor operations and assist its Department Heads in performing their directives. Finally, the budget is the device that communicates to its readers the direction the City will follow in the future. As a result, it is one of the most important activities undertaken by the City. As the focal point for key resource decisions, the budget process is a powerful tool. The quality of decisions resulting from the budget process and the level of their acceptance depends on the characteristics of the budget process that is used.

Unlike private entities, there are no “bottom line” profit figures that assess the financial performance of the City, nor are there any authoritative standards by which City officials can judge themselves. Instead, City Council and management work together to set goals and objectives that measure the performance and effectiveness of municipal programs and services.

The mission of the budget process is to help decision makers make informed choices about the provision of services and capital assets and to promote stakeholder participation in the process. The principles of the Budget Process are: 1). Establish Broad Goals to Guide Government Decision Making. 2). Develop Approaches to Achieve Goals. 3). Develop a Budget Consistent with Approaches to Achieve Goals. 4). Evaluate Performance and Make Adjustments.

Vision

Carthage is a prosperous city of opportunity -- a great place to raise a family and a vibrant destination that maintains its historical character while welcoming the future.

Mission Statement

The mission of the City of Carthage is to provide and maintain essential, quality public services that meet the collective basic needs of our residents in a cost effective, responsive, and professional manner given the changing needs and resources available and to identify and seize opportunities for a higher quality of life, while protecting our legacy and maintaining our historical sense of community values.

Budget

As provided in the Code of Carthage, The budget shall provide a complete financial plan for City funds and activities for the ensuing fiscal year. Additionally, the City of Carthage shall annually adopt a balanced budget. A balanced budget is where a fund’s expenditures are less than or equal to revenues and available

fund balances. Any year-end operating excess of revenues and other sources over expenditures and other uses in a fund will revert to the appropriate fund balance for use in maintaining fund balance levels set by policy and be available for appropriation by the Council.

The **overall goals and priorities** for the Fiscal 2026 Budget year are:

- To continue to deliver quality and efficient services residents expect from the City of Carthage conditioned upon adequate resources available to the City.
- To the greatest extent possible, efforts shall be made to maximize the effective use of the limited resources available to the City.
- To provide budgetary control through accurate tracking of expenditures against budget projections and take any corrective action as necessary.
- **Priority** will be given to those items necessary to **maintain core service levels**. Funding for expanded services and new programs will be considered after existing services are adequately funded.
- The Budget shall provide for adequate **maintenance of capital plant and equipment** and for their orderly replacement.
- To the greatest extent possible, the budget shall be structured to provide City employees with a safe and pleasant work environment, **adequate compensation** including analysis of the impact the changes to Missouri's minimum wage, and the proper tools to accomplish the tasks assigned to them. Staff will continue to monitor the implementation items adopted from the Compensation Study approved in Fiscal 2025 and prepare for the implementation of a 2.7 % COLA. Any consideration of employee step increases or merit increases will be contingent upon available budget resources after essential operating costs and capital needs are addressed.
- Staff shall continue to monitor the current **level of benefits** associated with compensation to determine if changes are warranted due to the current financial situation including modification of the wellness program.
- **Avoid** "Feast and Famine" budgetary actions which allow some City operations to thrive while others fail in their public mission.
- Using software to design the **Budget Document** and procedures that are useful to the Mayor, Council, Department Heads and the public.
- For fiscal 2026, city officials who are tasked with creating a budget were given the following goals.
 - Make use to the McCune Brooks Foundation funding for implementation of applicable parts of the Parks Master Plan.
 - Spend or allocate all money in "special tax funds" first, spending money from the general fund last.
 - Making the 5-year capital plan realistic, including projects than can/will need to be completed in the next 5 years.
 - To focus on transportation and infrastructure projects, including finding funding sources for bridge replacement.
 - Reevaluate the Cost Recovery model implemented by council, primarily regarding parks
 - Evaluate the future of degrading buildings in the city, to include the pool and pool house, the pro-shop and perhaps others.

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- To publicly communicate to voters how special tax funds (such as the use tax), have been allocated and spent.
 - To create, foster and promote an environment conducive to attracting, expanding and retaining business and industry; promoting economic vitality and diversifying the City's tax base, and improving the overall quality of life for the citizens of Carthage. Preference and focus to be placed on development and infrastructure needs including housing concerns.
 - Review of Annexation issues to provide a rational, consistent and objective methodology for making annexation decisions when seeking to annex property within the City's development area.

Revenues

Current on-going revenues will be sufficient to support current on-going operating expenditures to as great an extent as possible.

- The City will seek to **avoid** dependence on temporary or unstable revenues to fund conventional City services.
- The City will seek to **avoid** dependence on state/federal revenues to fund ongoing conventional City services.
- General Fund **services** should be supported by taxes and user fees to the extent appropriate for the character of the service and its user.
- **Revenue estimates** will be based on the following factors:
 - Legislative action
 - Consultation with departments directly involved in raising certain revenues
 - Review of revenue history
 - Economic trends (both locally and nationally)
 - Current indexes (both locally and nationally)
 - Grant funds or similar contractual revenue of a temporary nature will be budgeted only if they are committed at the time of the preliminary budget. Otherwise, separate appropriations will be made during the year as grants are awarded or contracts made.

Expenditures

- All budget submissions will be reviewed in light of changes in appropriate inflationary indexes and the overall economic conditions.

Capital Improvements Program

- The City prepares a five year Capital Improvements Program (CIP), updated annually, including projects and equipment for all funds. This program was funded annually through either unreserved fund-balance funds, or on-going revenues from all applicable funds. There is now a dedicated funding mechanism for appropriate capital projects through the renewal of the one-half cent Capital Improvements Sales Tax. The vote to renew allocated 100% to City capital projects. Additionally,

the Parks/Storm Water Sales Tax was increased and extended in 2015 to allow for 40% of collections to go directly to the Library and 60% to the City. The City's portion will go to paying off the remaining debt service on the Library Expansion Issue and to Parks and Storm Water projects. Staff will recommend distribution between Parks and Storm Water projects established on a priority basis. The CIP is considered by the City Council at the same date as the annual operating fund budgets. The budget year projects are included in the annual budget of the specific department.

Evaluation criteria that are used to consider and prioritized projects for funding are:

- The project's need to meet legal mandates (Federal, State, and Local).
- The project's impact on health and safety issues.
- The project's meeting a current deficiency.
- The impact of the project's deferral.
- Conformance to adopted plans.
- Neighborhood development impact.
- Impact on quality of life (environmental, aesthetic, and social effects).
- Economic development impacts.
- Relationship to other projects.

Investments

- The primary objective of the City's investment activities is the preservation of capital and the protection of investment principal. Diversification and yield compromises are required so that potential losses on individual securities do not exceed other investment-generated income.
- Investments shall be made to provide sufficient liquidity to meet the funding needs of the City as they arise. Liquidity is defined as the capability to convert cash, when required, without adversely affecting principal or interest.
- Cash assets shall be managed to produce the highest return available consistent with safety and liquidity. The market average rate of return shall be the net investment earnings objective.
- The investment officer shall competitively bid all investments.

Debt Policy

- When considered necessary, long-term debt may be used to provide for capital acquisitions and construction. Long-term debt will not be used to fund operating expenses except in extraordinary circumstances as authorized by the City Council.
- The City will evaluate the issuance of any debt instrument in view of its long range Capital Improvements Program on projects that are more than routine and when project cash requirements exceed normal cash flow (pay as you go) payment.
- The City will evaluate issuing debt instruments on a case by case basis with an analysis of its impact on the City's overall financial position.

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- The City's preference for the issuance of debt would be revenue bonds, special assessment bonds or other self-supporting bonds rather than General Obligation Bonds which are supported entirely by property taxes.
 - The maturity date of any issue will not exceed the reasonable expected useful life of the project so financed.
 - Inter-fund loans may be provided at interest rates determined by current outside investments. Such loans should be paid back based on a schedule approved by the City Council.
 - The City will evaluate the use of **Lease Purchasing** based on the length of the useful life of the asset, interest costs and the duration of the payment schedule.
 - City staff and the City's financial advisor monitor the municipal bond market for opportunities to obtain interest savings by **refunding** outstanding debt. As a general rule, the net present value savings of a particular refunding should be in the range of 3-5% of the refunded maturities for further consideration.

Budgetary Fund Balance Policy

It is essential that governments maintain adequate levels of **fund balance** to mitigate current and future risks (e.g., revenue shortfalls and unanticipated expenditures), to provide sufficient cash flow to meet operating needs and to ensure stable tax rates. The City must meet these financial obligations year-round, which would be difficult, if not impossible, without maintaining a certain minimum fund balance due to the cyclical nature of revenues, expenditures, and capital projects. **Fund Balances** are the foundation of financial flexibility. **Fund Balances** provide a government with options to provide a financial base sufficient to sustain municipal services, which maintain the social well-being and physical conditions of the City, the ability to withstand local and regional economic trauma, to adjust to changes in service requirements of the City, and to respond to other changes as they affect the community. Additionally, suitable fund balance levels permit a city to maintain an appropriate credit rating in the financial community and assure taxpayers that city government is maintained in sound fiscal condition. The City will maintain cumulative fund balances to provide counter-cyclical balance, to protect the City from unforeseen contingencies and to allow an accumulation of resources to finance foreseeable general governmental capital projects. The objective of the fund balance policy is not to hold resources solely as a source of interest revenue, but rather to provide adequate resources for cash flow and contingency purposes, while maintaining reasonable tax rates and charges for services. Fund balances shall be adequate to handle unexpected decreases in revenues plus extraordinary unbudgeted expenditures and unforeseen circumstances. These funds may be used at the City's discretion to address situations such as, temporary cash flow shortages, emergencies, unanticipated economic downturns, and one-time opportunities.

- Annual budgets for the General Fund have used portions of the unassigned fund balance for capital projects and acquisitions. City staff went through an exercise of determining the appropriate level of the Unassigned Fund Balance in the General Fund as outlined in the GFOA's Recommended Practice. The analysis indicated the City had a moderate to high level of risk to retain through reserves. The Budget Ways & Means Committee therefore recommends an Unassigned Fund Balance in the General Fund of 35% of expenditures, as a minimum.
- The General Fund's Unassigned Fund Balance will be calculated based on the adopted annual operating budget. These funds will be used to avoid cash flow interruptions, generate interest

income, reduce need for short term borrowing, cover unforeseen catastrophes and assist in maintaining what is considered an investment grade bond rating capacity, in addition to possibly supplement on-going revenues and expenditures where warranted.

- For Fiscal 2026 the Committee recommends spendable fund balances be set at a level commensurate with maintaining core services and personnel levels as specified above for other than General Fund purposes.
- Any set aside projects will be in addition to these amounts.

Annual Audit

Section 3.8 of the Charter of the City of Carthage states the Council shall provide for an independent audit of all City accounts at least annually. An annual audit shall be performed by an **independent** accounting firm which will issue an official opinion on the annual financial statements with a management letter detailing areas that could be improved. The product, or results, of an audit is a report of how appropriately an organization's financial statements depict its financial condition and results of its operations. Bondholders, outside creditors and the taxpaying citizen are interested in having an audit as additional assurance of the reliability of the financial statements. These individuals can rely on the auditor's opinion that the statements are fairly presented in accordance with generally accepted accounting principles (GAAP) on a consistent basis. As the budget is a complete financial plan for City funds and activities for the ensuing fiscal year, the Audit concludes the yearly budget process. Bondholders, outside creditors and the taxpaying citizen are interested in having an audit as additional assurance of the reliability of the financial statements. These individuals can rely on the auditor's opinion that the statements are fairly presented in accordance with generally accepted accounting principles on a consistent basis. The auditors must be a **CPA** firm that has the breadth and depth of staff to conduct the City's audit in accordance with generally accepted auditing standards and contractual requirements. Section 105.145 of the Revised Statutes of Missouri (RSMo) requires all municipalities to file an annual financial report with the State Auditor's office.

Budgetary Controls

The City shall maintain a budgetary control system to ensure adherence to the adopted budget and associated appropriations. Monthly **reports** shall be provided comparing actual revenues and expenditures to budgeted amounts. The legal level for expenditure control is the Fund level. Each Department Head is responsible for the budget in their respective departments. In order to enhance the ability to successfully execute the budget, achieve long-range goals, facilitate achievement of programmatic, financial goals, and promote budgetary compliance, the Level-of-Control for administration of the Budget is established at the category level. Within the General Fund the Budget Officer is authorized to transfer budgeted amounts between categories and departments within operating funds provided such **transfers** do not alter total expenditures approved by the City Council for the Fund. Any increase in appropriation at the fund level, whether accomplished through a change in anticipated revenues in any fund or through a transfer of appropriations among departments, shall require the approval of the City Council. Such amendment shall be provided by formal action of the City Council.

RESOLUTION NO. 2117

A RESOLUTION AUTHORIZING A BUDGET ADJUSTMENT TO THE GENERAL REVENUE FUND FOR FISCAL YEAR 2025-2026 FOR A LINE-ITEM ADJUSTMENT TO CAPITAL OUTLAY FOR THE INSTALLATION OF PARK PLAYGROUND LIGHTS

WHEREAS, the City adopted a budget and appropriated funds for fiscal year 2025-2026; and

WHEREAS, unanticipated expenditures are expected to exceed the original adopted budget in the General Revenue Fund and budgetary changes are necessary within this fund to provide increased appropriation levels; and

WHEREAS, the City may increase the current year adopted budget through supplemental appropriations; and

WHEREAS, the Budget Ways & Means Committee met and discussed additional appropriations at a meeting on March 9, 2026.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF CARTHAGE, JASPER COUNTY, MISSOURI, THE MAYOR CONCURRING HEREIN, AS FOLLOWS:

That the City hereby approves the implementation of a line-item adjustment to the Capital Outlay line item in the General Revenue Fund for \$15,000.00 for the installation of park playground lights. These funds will be used out of the McCune Brooks Regional Hospital Trust Grant that the City received.

PASSED AND APPROVED THIS _____ DAY OF _____, 2026.

David B. Flanigan, Mayor

ATTEST:

Miranda Deal City Clerk

Sponsored by: Budget Committee