BILL 2011-41

****** First Reading ******

Memo

To: Mayor and City Council

From: David Watson, City Manager

Date: May 12, 2011

Re: Budget Adjustment No. 1 for the Budget Year 2010-2011

As you know we have been conducting an extensive review of our revenues and expenses within the general fund and the total budget. Over the past two budgets, we used a term called "Beginning Balance" to show what I thought was our cash balance. However, as we now know, the term is actually the "Fund Balance" and includes cash and all assets. After converting our fund balance budget to cash balance we realized that the general fund would be out of cash by the end of the fiscal year. We found that out just prior to writing the $146, 876.62 check owed to the Cameron Ambulance District and approving the backup generator for the Public Safety Building. With this knowledge, staff worked on identifying several reductions while finding out that we had not posted the $310,000 from the STIP funds for the Grand and Griffin Road project. Other revenue enhancements included $16,000 from SEMA for last winter's storm recovery and $20,000 from the Black Friday hazard spill recovery. With these adjustments and an extension of credit from the Ambulance District, we now have a projected cash balance of $236,450 in the general fund. When I approached the Ambulance District on May 9th we were looking at only having $86,000 in cash and $70,000 of that would be from the credit extension. If Council approves these amendments, I will inform the Ambulance District that we were able to make several adjustments on both revenues and expenses since they acted and that their extension was a key component to the balance improvement. This amendment also shows the revenue from the Rural Fire Board of $127,442 as well as the expense of buying the used fire truck.

There has been some good news as our revenue sources are trending well with sales tax collected ahead of budget projections and real and personal property taxes collected in the 95% range or better. These positive numbers are more likely due to the conservative revenue projections we used in this year's budget.

As staff reviewed the total budget and considered other adjustments, we recommend that the Automatic Meter Reading (AMR) systems in both Water and Electric Funds be removed. With the demands on our services and larger community needs, it is felt that the AMR should be withdrawn at this time.

The expense adjustments are mostly divided among unforeseen expenses and items we could not define during the budget preparation process. Under professional services, we have incurred additional costs for legal services for the Sukup property environmental and additional audit work for arbitrage calculation and the electric fund review. Under capital, we had to

acquire a new folder and inserter machine under a three year lease purchase at $12,500 per year spread across all funds including band and library. We are also making final payment on the Griffin and Grand Road project ($27,800) and McElwain Drive ($5,000 to MoKan and $3,000 settlement) that we thought would have been paid last year. Because many of our street maintenance invoices came in after the fiscal year started, we have already exceeded our budgeted $200,000 for street improvements by $33,000. This means we have no funds available for street contract improvements and limited amounts for street maintenance.

On the expenditure side for the General Fund, we are asking Council to consider

Professional services:	$19,000
Capital Projects: (Inserter Machine)	$12,500
Griffin and McElwain Projects: (Combined)	$35,800
Street Improvements:	$33,000

RECOMMENDATION

The Budget/Finance Committee and Staff recommend that Council approve Budget Adjustment No.1. Staff requests that Council read this ordinance over two meetings so as to keep our budget in alignment.

Bill 2011-41

AN ORDINANCE FOR THE CITY OF CAMERON, CLINTON AND DeKALB COUNTIES, MISSOURI APPROVING BUDGET ADJUSTMENT ONE (1) FOR THE BUDGET YEAR OF OCTOBER 1, 2010 TO SEPTEMBER 30, 2011

WHEREAS, RSMo 67.030 authorizes the governing body to revise budget limits as the need arises.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF CAMERON, CLINTON AND DeKALB COUNTIES, MISSOURI, that the limits for revenues and expenses of various City funds will be adjusted as per the attached appropriation schedule.

These schedules are attached hereto and incorporated herein by this reference and are hereby approved and adopted.

Passed and approved on first reading this 16th day of May 2011.
Passed and approved on second reading this _____ day of _____ 2011.
Passed and approved on third and final reading this _____ day of _____ 2011.

_____
Mayor Dennis M. Clark

ATTEST:

_____
City Clerk

first reading