

CITY OF WARRENSBURG
FINANCE DEPARTMENT

September 14, 2020

Honorable Mayor and
Members of the City Council
City of Warrensburg, Missouri

Dear Mayor and Council Members:

SUBJECT: An Ordinance Amending Ordinance 5543 Concerning the Adopted FY20 Annual Budget

BACKGROUND:

Budget is adopted annually as a financial plan for the fiscal year. From time to time, budget is amended (revised) to account for specific actions creating a change in the amounts needed for operations or special purposes.

Staff has identified several items across all funds to adjust before closing the financial books for Fiscal Year 2020. Staff has adjusted accounts to closely reflect the actual Fiscal Year 2020 annual revenue or expense anticipated. The attached report is a summary of Revenue and Expenditures for all funds. The columns are defined by fiscal year budget and actuals to date. The final column is the proposed amended budget requested for adoption.

Fiscal Year 2020 General Fund budget was adopted with a plan to use \$733,732 of Fund Balance (reserve). Revenue was projected at \$10,630,530 and expenditures at \$11,364,261.

The proposed General Fund amendment projects using \$629,735 of Fund Balance (reserve). Of this amount, \$520,000 was used as part of the refinancing of the NID for Hawthorne authorized by Council in December 2019. This cash was available in a restricted account designated for Hawthorne. The other \$109,735 is used to fund expenditures projected to be greater than revenue including transfers to other funds.

In the past, budget was adopted reflecting use of reserve as a negative number, the difference between revenue and expenditure. Exhibit A, General Fund page 9 shows the (\$733,732) in the column 2019-2020 Total Budget, this is the adopted budget. Column 2019-2020 20AMEND reflects a zero, balanced budget. This is the proposed budget to adopt as amended and includes the transfer from reserve noted above.

Other expenditure items to identify that were reduced, were training budgets specifically for travel purposes across divisions. Wage and medical insurance premiums were also reduced based on actual elections for insurance, furloughs, and open positions. Shows and expos were reduced with cancellations. Some revenue projections were decreased as well that includes Franchise taxes, licenses, services, and interest income.

Increases in expenditures include transfers to the Vehicle Replacement Fund for purchases, unemployment expense related to furloughs and COVID, HVAC system at the Police Building. Additional revenue includes the Cares Act Funds received in July. The City will also receive half of the unemployment paid from the Missouri Division of Employment Security.

The remaining funds have similar entries like General Fund using a transfer from reserve account to present a balanced budget as needed. Parks Fund reflects increase in Fund Balance. Water Pollution Control reflects a decrease because depreciation is budgeted. Arts Commission has not submitted any changes to the 2020 budget, so it still reflects the use of cash available.

Remember this is just a projection and actual amounts will be presented with the Audit Report upon completion of the audit for Fiscal Year 2020

RECOMMENDATION:

Staff recommends approval of the ordinance.