

BILL NO. 18-32

AN ORDINANCE REPEALING ORDINANCE NO. 7428 AND ESTABLISHING NEW GENERAL FUND RESERVE BALANCE GUIDELINES TO ENSURE THE CONTINUED ECONOMIC STABILITY AND COMPETITIVENESS OF THE CITY OF LEE'S SUMMIT, MISSOURI.

WHEREAS, February 6, 2014 the Council of the City of Lee's Summit approved ordinance 7428 establishing General Fund Reserve Balance guidelines; and,

WHEREAS, that ordinance provided a minimum General Fund balance of two (2) months regular fund operating revenues or expenditures or approximately 16.67% of the General Fund Budget based upon the prior fiscal year to address emergencies and provide stability; and,

WHEREAS, Section 5 of that ordinance allowed for the use of funds in the event that the General Fund balance exceeded 20% of recurring annual revenues by a majority vote and use of funds if the fund balance was less than 20% but more than the required minimum fund balance by a super majority vote; and,

WHEREAS, it is the desire of the Council to repeal Ordinance No. 7428 and establish new GENERAL FUND RESERVE BALANCE GUIDELINES to allow funds in excess of 20% of recurring annual revenues to be used for ongoing expenditures by removing the provision allowing for the use of such funds only for expenditures considered one time in nature; and,

WHEREAS, the City Council has determined it is in the best interest of the citizens of the City of Lee's Summit to amend the General Fund Balance Guidelines to ensure that the City of Lee's Summit can offer competitive wages and salaries to employees of the City.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF LEE'S SUMMIT, MISSOURI, AS FOLLOWS:

SECTION 1. That Ordinance 7428, passed by the Council of the City of Lee's Summit, Missouri be and hereby is repealed.

SECTION 2. That new General Fund Reserve Balance Guidelines are hereby established as follows:

"A. That the General Fund balance shall be maintained in an amount equal to that of at least two (2) average months of regular general fund operating revenues or expenditures, whichever is greater, or 16.67% of the General Fund Budget, based on the prior fiscal year, to address emergencies and provide for economic stability.

B. That the General Fund Annual Operating Budget Expenditures will not exceed Annual Recurring Revenues except in unusual or extraordinary circumstances and the fund balance shall not be used to fund any portion of the

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ongoing and routine operating expenditures unless approved according to the provisions in Section E.

C. The General Fund balance shall consist of residual net resources, that is, those resources that remain after those that are restricted, committed and assigned.

D. That, in the event the General Fund balance is calculated to be less than that required in Section A above, the City Manager shall adjust budget resources in order to restore the balance in the next succeeding budget year. In the event of an extraordinary expenditure the minimum unrestricted fund balance will be restored within the next three years by adjusting revenues or expenditures.

E. In the event the General Fund balance exceeds 20 percent of recurring annual revenues, funds may be reappropriated by majority vote of the city council. ~~for expenditures considered to be one time in nature.~~ Funds in excess of the minimum defined in Section 1 but less than an amount greater than 20 percent may be appropriated with a super majority vote of the City Council.

F. That the City Manager shall make recommendations on the use of unassigned funds both as an element of the annual operating budget submission and from time to time throughout the year as needs arise. The Finance Director shall monitor and report to City Council the various fund restrictions and assignments.

G. That the Finance Director shall annually submit a report outlining the status of the City's various components of the General Fund balance. This report shall be submitted within thirty (30) days after receipt of the annual financial audit. The Finance Director shall also provide status reports from time to time as requested."

SECTION 3. That any and all ordinances or parts of ordinances in conflict with any provision of this Ordinance shall be repealed to the extent of conflict only.

SECTION 4. That this ordinance shall be in full force and effect from and after the date of its passage and adoption, and approval by the Mayor.

PASSED by the City Council of Lee's Summit, Missouri, this ___ day of _____, 2018.

ATTEST:

Mayor *Randall L. Rhoads*

City Clerk *Trisha Fowler Arcuri*

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APPROVED by the Mayor of said city this ____ day of _____, 2018.

ATTEST:

Mayor *Randall L. Rhoads*

City Clerk *Trisha Fowler Arcuri*

APPROVED AS TO FORM:

City Attorney *Brian W. Head*