

**MINUTES OF THE WORK SESSION OF THE BOARD OF ALDERMEN
CITY OF NEW MELLE, ST. CHARLES COUNTY, MISSOURI
MONDAY, JULY 19, 2010**

Call to Order:

A Work Session of the Board of Alderman of the City of New Melle was held on Monday, July 19, 2010 at 7:00 P.M. The meeting was held at the New Melle City Hall, located at 145 Almeling Street, New Melle, Missouri. The meeting was called to order by Mayor Arteaga.

Roll Call:

Mayor:	Ernest Arteaga	Present
Aldermen: Ward I	Donald Hendrich	Present
	Janet Jokisch-Messig	Present
	Ward II	Doug Bice
	Carol Proveaux	Present

Also Present: Police Chief	Aaron Burkemper
City Clerk	DeeAnn Burwitz
Botz, Deal & Company	Michele Graham

Code Enforcement Report:

Mayor – Alright. First thing is the code enforcement report; I don't know if you've had a chance to read it...if there are any questions or comments?

Proveaux – I have one comment, not about the report though. If our budget is so tight, this is one thing I think could be eliminated.

Bice – I have that as a discussion topic; so when it is time for financial... I think it's a valid point. I don't know that I would say eliminated; maybe reduced?

Proveaux – Okay, reduced.

Bice – But I think it's a fair point and it's one of the line items I flagged.

Proveaux – I didn't go through and flag things as I'm not a financial advisor but I think that is what we need.

Mayor – I think there are several things that shall be up for discussion for budget adjustments.

Bice – My suggestion would be to defer this to the budget amendments.

Proveaux – We'll do.

Mayor – Okay, no comments, we'll move on then.

Hendrich – Who was the young man who cut the weeds out here?

Burkemper – That was Nathan Dry.

Hendrich – Did he just do that out of the goodness of his heart?

Burkemper – Well no, his mother called me up and she was punishing the young lad. She was looking for community service suggestions. I said well you know... she dropped him off for an afternoon.

Mayor – Is this the Dry's over in Nicole Parc?

Burkemper – It is.

Hendrich – Well I don't know them personally, but it would be nice to send them a thank you.

Mayor – No other comments about the log, I'll just move on to the financial report.

Financial Report / Budget Amendments:

Mayor – In this... we're here tonight... thank you for coming.

Graham – Certainly.

Mayor – Of course we're going to be wanting to look at our budget and the actual monies we've spent, to the actual money we have and it looks like there's a need for a budget adjustment and we need your assistance. I open the table up to anybody.

Bice – Well, I guess since I barked the most, I'll start. As I'm looking at this in several different contexts, I'm looking in the context of historical performance, comparative budget and real dollars

Proveaux – Could you just show us what you're looking at there? So we are on the same page.

Bice – Okay. Remember we had Lindsey, from Botz and Deal, run historical's for us. We went back to '07 with a four year look back and in that several variables stick out to me. Number one was net income in and of itself. The worst year that we had prior was 2,000 in the hole and that was year to date. I only looked at year to date; it's the only fair comparison we can do and as we stood...through May we were 12,000 in the hole in net income... and then went up. So that was just real dollars if you want to look at bottom line net income. Then, next to that, we have where we compared to budget; our historical budget. That's where to me it was very alarming. It was bad enough that here we were six times worse off in net income. Again, I'm talking through May only. Then, if you look at where we were compared to budget, historically again, we were way off pace from a real dollar perspective than where we sit today. Now, after running June's numbers, we're 13... almost 14 in the hole in net income. Then Lindsey ran the year to date compared to budget and I think we're about 34K in the hole year to date on where we should be to budget.

Mayor – To budget?

Bice – To budget. That's year to date. So at the half way mark folks, the numbers just... no matter how you slice it and dice it, I can't find how anything looks good in any of this. That's why I was raising the flags and asking Lindsey to run the numbers in different ways of comparison for however we want to look at that. So that's real time and that's historical compared to budget and again, those are the numbers and that's what Lindsey sent us and I forwarded onto the group. The question is at the end of the day, how do you make up the differential; how do you get a balanced budget at this halfway stage. We've never had, at least in my time, had to amend a budget at this early stage but clearly the numbers are so glaring to me. I don't know your perspective, but from my perspective of New Melle, we need to do something now. So with that, I was trying to come up with real time numbers and, to your point, areas where we could make up some differential. Stop me whenever you feel you need to interject Michele. I'm looking at this from the context of I know there is some money coming in at the end of the year, but

Mayor – I think we should just be talking up to June right now.

Bice – That's fine.

Mayor – I think that's fair because it's all hard numbers and everything else.

Bice – So that makes it worse but that’s fair. That’s a good point. So as we sit today we’re about 34K in the hole to budget and our net income is showing...for round numbers, let’s call it 14K in the red. That’s where we stand today so whether we have money in a budget line item or whatever, to me means nothing. The point is our real dollars, dollars in hand, is we don’t have it to spend.

Proveaux – Where is it short? Why did we come up short? That’s the question.

Bice – Here’s the areas where I flagged and you double check me and tell me differently but part of this again, is some of the numbers when we look at income, what we haven’t seen yet is the income from our cell tower rental.

Graham – This is part of the problem with taking a budget and cutting it in half.

Proveaux – You’re not looking at the whole thing.

Graham – The cell tower is number one where you have to say it wasn’t meant to come in during the first six months.

Bice – From a cash flow perspective, clearly that’s hurting us and we are going to make up a big chunk of the differential we have right now. I just highlighted the bigger ticket items; I didn’t go through all of them. The local option use tax

Proveaux – What number is that?

Bice – That’s 4220.

Graham – Third line item down.

Mayor – What is a...help me identify what that means.

Graham – Use tax is in lieu of sales tax. So if you buy something... if I’m a business, I have to pay use tax on anything I didn’t pay sales tax on. Something I used myself would be the use tax.

Mayor – Okay. Getting money in this way, is this through the county? I mean it’s not within the city limits is it?

Graham – State.

Mayor – Oh it’s state level.

Graham – Well the state collects it so you get it once a month with your sales tax. Same idea as your sales tax; it comes in the same way. Businesses are paying it and it all depends on their spending. Not a lot you get to do about that; it’s all up to their spending.

Mayor – This whole thing is so that everybody understands this.

Hendrich – You can’t identify where this is coming from; is that correct? I look at it and see that it’s down.

Graham – It’s based on the economy and people’s spending and that’s not surprising that it’s down.

Bice – As you can see we’re at the halfway point and we’re only at 22 to 24 percent of budget for that number. We’re not going to make up that differential unless some miracle happens.

Proveaux – Well the cell tower is a big chunk of change though. When you’re talking 35, most of it is the cell tower. The rest of it, I think, falls on the economy.

Hendrich – That’s 26. Don’t inflate that. We know what it is.

Mayor – Yeah..it’s 26,000.

Proveaux – I didn’t mean

Hendrich – You said 35.

Proveaux – No, I said he’s talking how we’re 35 under to date but he’s not counting that 25 of that 35 is the cell tower.

Graham – No, only 13 or half of the cell tower.

Bice – To date. That's what we just discussed, that money is going to the good on this but we won't see that until the last quarter of the year.

Proveaux – All right.

Bice – That will make up some, but you're still going to be 8,000 short if you want to play those number games. We're still going to be 8,000 short if you just look at it from the year end. That's assuming that we have no more budget deficits for the rest of the six months.

Proveaux – Well I

Bice – So...remember what Ernie said that we're going to stay through June.

Proveaux – Right.

Bice – So I can't say that, I can only say then 13... we're still 21K in the hole. We're not going to make up the full differential on that... you're asking me to outline items of concern. The ones that I have are 4220, and this is on the income side, 4420 and 4710. The 4420 is the liquor license fee. Now that I believe comes in at the end of the year.

Graham – It does.

Bice – Will we get that full amount I guess is the question? Theoretically we should.

Mayor – I'm glad you brought that up because last year they collected that in January and they collected it in December. Now shouldn't

Graham – It's due in December; it doesn't mean people pay it

Mayor – No, no, no... I mean the monies actually came in

Graham – Right.

Mayor – because it was a different collection time the year before. And this year

Graham – Oh, okay.

Mayor – I don't want to say it was doubled but it was collected twice in one year.

Graham – Because of a change in the ordinance, right? So now is it due in December?

Mayor – It's due in December.

Graham – Okay, so in December you will get in the majority of it; assuming everybody renews their license.

Bice – Exactly.

Mayor – But isn't that...correct me if I'm wrong... isn't that supposed to be for the next year because people are buying the licenses for the next year? So it should be transferred over to 2011?

Graham – No.

Hendrich – No.

Mayor – I'm asking a question.

Graham – For bookkeeping purposes, you're keeping your financial statements on a cash basis. So cash flow wise the money comes in... it doesn't mean that you can't spend it until January. You don't want to spend it because its not

Mayor – No, I was wondering if you wouldn't credit the next year your income

Graham – Not the way your keeping... there's two kinds of books, cash or accrual. On an accrual basis, you're right. If every dollar came in on December 31st, you're going to recognize it tomorrow, on January 1, and you'll recognize it as income but that make for complicated books. You can do it and ideally everybody would keep their books on an accrual basis. But then when you're looking to find you finance person, then you need somebody even more familiar with accounting because every one of these line items we're going to go in and say that needs an adjustment. Real estate taxes needs an adjustment,

sales tax needs an adjustment, because technically sales tax... the city is due that the day that somebody comes into your city and say I bought a pack of gum at the gas station down here. So I paid sales tax and that's due to the city then, but it will take two to three months for you to get the sales tax I'm paying there.

Jokisch-Messig – I didn't realize it took that long.

Graham – Because that gas station has until the 15th of the following month to pay it to the state, the state has until the 15th of the following month to pay it to over to you. So it takes quite awhile.

Mayor – So in 2009, the monies for liquor licenses and everything was just

Graham – Cash basis, you saw it twice.

Mayor – on the budget twice.

Graham – Yes.

Mayor – Did that influence the budget making from last year?

Hendrich – Do we know what the licenses were?

Graham – 'Cause you could look and see that that came in twice. You knew that it was twice.

Bice – We wouldn't have had the 2,300 outlay for this year if we would have known... if that would have been an issue.

Hendrich – If we looked at everything realistically, you would know what the liquor licenses would be... merchants' license. We don't have any merchants; we don't have any more people applying

Proveaux – So where do you think the downfall in the budget is?

Bice – Well, let's go through it all. We're only talking income so far and of course the other item that's up there, I didn't flag it because it's at about the halfway point, was real estate taxes, 4110 the first line item. Again, I'm assuming we're going to get that for the rest of the year but that's one to keep your eyes on. That could have... who knows.

Graham – That depends on your assessment out here. How your assessment came in and the other big item is again we're talking cash basis; more and more people are paying delinquent. So as you see people go into foreclosure and that type of thing. So even though the taxes are due to you, if they protest them, the county holds them until the protesting is over and settled. There's more people paying protested; there's more people paying delinquent so they're letting it go all the way to that third year when they're going to have to do something about it. So as much as taxes go out, you should collect the majority of taxes in November and December, and a lot of people won't get it in there until January... It takes the county awhile to process it. Even if they get the majority of the taxes paid into the county by December, you won't get your money from the county until January. So again that cash flow wise... it looks like you'll get a good chunk... looking back you ended up getting about half in November and December and about half in January; it kind of cuts across your year. As much as I think the number will be close, I just caution you that this is what we've seen, that they're just slower to pay or lower.

Proveaux – You mentioned a financial advisor. I mean I have here from our June 7th meeting when you were here; you did advise us to get someone like that. To get a bookkeeper, financial advisor...

Graham – You'll have to decide.

Proveaux – We have to do this. Because I don't think any of us here are capable of doing it. We need some advice.

Graham – I can't say that you all don't have some knowledge in

Proveaux – Right... right and we can all put our input in yes and we should stay on top of it and check and make sure things are budgeted correctly.

Hendrich – We did.

Proveaux – But I don't

Hendrich – We did Carol. We did a very...job

Proveaux – Yes but

Hendrich – Wait a minute. The economy took a bust.

Proveaux – Okay that's

Hendrich – None of us...none of us had an idea. He had a person. Ronna worked with us. She guided us and said this is what looks like what's coming. We chopped. We did a job but the economy is the biggest part of it.

Proveaux – But how long has Ronna been gone?

Hendrich – Not more than what... 3 or 4 months?

Bice – Three months?

Mayor – Oh, she was gone in the spring?

Graham – Was it around February or something?

Hendrich – Yeah.

Proveaux – I thought it was from the first of the year.

Hendrich – No, she helped us with the budget and believe me, it took us awhile to hammer it out. We questioned and she said this, that. We knew the economy was not the best

Proveaux – No it was not.

Hendrich – and it just continued to go down. We couldn't, I mean you can't just chop everything.

Bice – If you look at our historical comparison, our budget was a scaled back version of anything from the prior four years.

Hendrich – Yes it was.

Bice – Now, I'm going to add to your comment that irrespective of a financial advisor, administrator, whatever term, we're still responsible for this budget. We knew where things were going back in April and we were flagging things back then. So we have a responsibility to take care of this budget and the numbers kept trending downward; that's why we're doing what we're doing now. Irrespective of a financial advisor.

Proveaux – Right... right.

Bice – We understand these basics; it's the issue of timing more than anything else, I think, where a financial person is going to help us as well as where to send certain line items and how to get creative... creative the right way.

Graham – And I will give you caution in like finding a financial advisor, you're going to have a hard time finding somebody who is up to date on governmental... what's happening with governmental. Even with a spending a long time with the finance director at St. Charles County and we talked about sales taxes; he's been doing this for years and was on the council there, he's a CPA, and he's like "well you know, we budgeted sales tax and we thought it was going to be this and we budgeted really conservatively and it came in worse and then one month it comes in way over and we thought we were doing great and now we're back to way under again." There's no predicting this. It's like how is your 401K going to do?

Bice – That's right.

Proveaux – Right.

Graham – I would caution you a little bit with hiring too high a level of person when I say get a financial advisor. As far as bringing in a monthly person, one, you know they're going to be doing the best that they can but they're going to be guessing too. I don't know how else to call it other than guessing.

Bice – Prognostication. Right?

Graham – I mean it is; it would be great if we would all have that. So I don't want you overspending on a financial advisor either because of the size of the city and how

Proveaux – No, no, no... I wasn't saying that

Graham – You know I'm careful about... I don't want you to say that I said to go get that and then you overspend because I feel very conservative with every city right now.

Mayor – No, we just feel like we need one.

Proveaux – We just feel like we need one.

Graham – So maybe again... maybe not on a monthly basis but maybe somebody to help you periodically too might help you. A lot of this is keeping up with what is the Missouri Municipal League saying and have somebody that attends that or gets the newsletter. There's people that are spending full time with cities on that so another way for you to feel more comfortable with the information you get.

Mayor – Would it be...is this not right if we got... say someone was part time for another city and they would have time for part time for us... is that a conflict or anything?

Graham – No, I don't think there's any conflict. It probably would be an ideal situation if you could find somebody like that.

Hendrich – Ronna was only working part time she wasn't full time.

Graham – Right.

Proveaux – We were talking part time; we weren't talking full time.

Graham – The most ideal thing would be... 'cause the problem is that in a larger place you're going to have a city manager and a finance person so it's never just one. You never want one person's opinion because again it's an opinion of whether this money is going to come in or a guess anyway.

Mayor – You make the best guess you can on budgeting; it seems like that's our problem.

Bice – Well that's part of our problem Ernie. The other part is just the raw numbers, the real time net income numbers at the end of the day, on money we have to spend, that's the other flag we have to track down here too. That's the part that again, we just have to be as well versed as we can be and be paying attention. This is a good opportunity. This is how I look at this, as hard as this is, it's going to make us better financial money managers.

Proveaux – Right.

Bice – It makes us more responsible.

Graham – This is what every city is doing right now.

Bice – Yeah, they have to.

Graham – They're sitting down with their finance committee and going "well, not as much money is coming in as what we were hoping or anticipating" and so we have to say "now do we have some place to cut it or do we have to hold off on spending?" Its people just like you're doing it and they don't have a financial advisor doing it; there's actually a committee at most cities that we work with. Their committees are sitting down and saying "well here we are at the sixth month; not quite where we thought we would be." Everywhere unfortunately.

Proveaux – Your committee is not composed of the Board of Aldermen; it's someone outside?

Graham – Got both.

Proveaux – Both, okay.

Graham – We have a mix.

Proveaux – Yes, a mix, okay.

Jokisch-Messig – On the building permits... those fees, they're almost twice as much as what was budgeted. Now does that mean we've got that many new building things coming in?

Mayor – I know what you're going to say.

Bice – Look on the expense side though.

Hendrich – Explain how building fees work, for their purpose.

Bice – Well, we only get a small portion.

Hendrich – Well I know but explain... in other words you build but you also pay and the difference is minimal.

Bice – That's where I'll take you down to the next line item.

Mayor – (*inaudible*) 10 or 15?

Bice – I don't think it's either.

Jokisch-Messig – 4510 is the building permit thing.

Bice – Right and so Jan then go down to 5170. My point is that we paid a big chunk of this

Jokisch-Messig – I see... it comes in and then goes right back out.

Bice – goes right back to GBA.

Jokisch-Messig – As the income goes up, so does the expense.

Bice – We get a very small portion; I'm going to say 5% is what I think.

Hendrich – They just run it through us but they get the majority of it.

Bice – Yeah, we're the conduit.

Jokisch-Messig – Okay.

Mayor – 20,000 came in and 18,000 went out, we gained 5

Bice – About 10%... right about there.

Graham – Depending on how close the coming in is to the going out again with that cash basis.

Bice – Right. So I wish we could count it as... It's good in one respect but it doesn't help us in the overall net number.

Hendrich – The school district just paid us a bunch of money but then we had to cut a check to pay GBA a bunch of money.

Graham – Ultimately, the only place it does you any good is if it is a for profit company that builds a building that will ultimately be paying real estate and other taxes.

Jokisch-Messig – Alright.

Graham – If it's a school, then you don't get anything.

Jokisch-Messig – Okay.

Bice – So that's the income and the big ticket items

Graham – The only other thing I would say looking at this is it looks like the way the budgeting was done before, see this balance brought forward and its only the budget item, that must have been your fund balance forward to get you to be balanced. See how you're balanced when you look at your income versus your expenses down to... see your expenses where it says net ordinary income? That's you city income way down at the first level

there... see how that brings you to zero; now that's balancing your budget. You must have gone into the year with \$9,387. Now that's my guess what that is without going back and looking. There's been no entry under the actual for that figure to see what really

Mayor – What, you're talking about number... what is that? 4 9 5 0

Graham – The last item under... So there's some of your difference. That needs to be looked at to see is that 9,387, which I'm guessing it was, money left over from the previous year. So it's not a true income item but it's a way for cities to balance their budget because they're allowed to use what was left from last year. So there's some of your difference.

Mayor – Okay, the one right before that, the 4810 transfer from municipal court, is way way down from last year.

Graham – It's a little bit.

Bice – A couple percent.

Graham – But

Mayor – Last year was 91,500

Bice – What was budgeted?

Mayor – Last year?

Bice – Yeah.

Mayor – No, this is actual money. This is cash.

Bice – I guess my point is, I think we would have budgeted down is my thought.

Mayor – No, no, no, not for six months. This is six months.

Bice – You're comparing 91K to 86K that is.

Mayor – 66

Graham – 66 is the current.

Mayor – Yeah.

Graham – That's your annual budget, the 135,000 but Ernie what you're saying is the previous year

Mayor – Last year was 91,500

Graham – For the six months?

Mayor – Mhmm... the 135 is just the budget. You must have gone down on this.

Graham – If you compare, again that's just the money you took out of the court to cover the... because all of the expenses are covered under the city budget. Well, I shouldn't say all expenses but in generality, yes. There's an offsetting expense dollar for dollar.

Hendrich – That's true.

Graham – So it has no effect to that net income number... that bottom line. Can you see at the bottom of your expenses there? So the last item under the revenue is the transfer from the municipal court and the last item under the expenses is that same transfer.

Mayor – Yeah, yeah I know that and we also

Graham – If you would have increased one the other would have been the same

Mayor – We also gave it out of our general revenue of 33,000 to make up that 91,000 from last year.

Hendrich – That's right. When the municipal court doesn't come across, then it has to come out of the general funds. It has to come from somewhere.

Mayor – Boy I hope... I'm not... I looked at this whole thing totally different. I looked at it as actual cash money, not budgeting, but money.

Graham – Just the actual column.

Mayor – Yes and I came up with kind of a different take on it. For example... a summary that I wrote here, let's just take this part here, the city this year had \$10,801 less income than last year. That's how I was comparing. Last year's cash

Graham – From January to June?

Mayor – Yes

Graham – Oh, you were comparing only the cash balance?

Mayor – Yes

Graham – So you weren't really looking at how much revenue and how much expenses you had, just flat out here was my bank balance last year and here's my bank balance this year?

Mayor – No, no, no, no, no, I'm saying that this year it was \$132,000 income and last year it was \$143,000 so we had \$10,801 less income. But on the expense side, last year we spent \$167,150 and this year we only spent 155,947 which makes 11,203 less expenses. So as far as actual cash, it didn't seem like it was that

Graham – You'll have to give me your numbers, but the 132,000 you said was the revenue. Right?

Mayor – Mmhmm

Graham – What did you show the revenue to be last year because we show

Jokisch-Messig – 143,386

Mayor – Yes and that's a \$10,801 difference

Graham – Okay...that's what that schedule shows roughly.

Mayor – Okay then on the expense side

Graham – That's where you kind of lost me.

Mayor – This year we had 155,947 and last year we had 167,150.

Graham – What's the 167?

Jokisch-Messig – That's down here on

Graham – I show 143,986 and then no expenses...

Mayor – I got it off my sheets here.

Graham – Never mind...

Proveaux – That's the trouble; we have too many reports.

Graham – There is a lot of reports.

Mayor – See I separated it all from

Graham – ... the 167, I'm not sure where that's

Jokisch-Messig – 167 on page 2 at the top under the income and expenses budget versus actual January through June 2009.

Hendrich – It's still 23,000 deficit in ordinary income no matter how you want to cut it.

Mayor – It's \$11,203 less.

Proveaux – \$11,000 which is a lot different than 35,000

Mayor – So, my reasoning is

Hendrich – 143 from 167? I beg your pardon.

Jokisch-Messig – No, no, no, no, no not 143

Hendrich – That's the total income on January to June 2009... total expense is 167

Proveaux – It says 167,150

Hendrich – Total expense.

Mayor – 155,947 from 167,150 is 11,203

Hendrich – Where did you get 155? Total expense is 167.

Proveaux – 155 is

Jokisch-Messig – 167 here on 2009

Proveaux – And then we're doing the 155 from this year.

Mayor – Right here, 155 right here.

Hendrich – You can't compare one year to another. You're talking about

Proveaux – That's what we're doing. That's what you've been doing.

Hendrich – Wait a minute. If you're going to compare, compare.

Proveaux – That's

Hendrich – Wait...You've got 143 income last year, you got 167, we're negative 23. I don't care how you cut it, you still got to count this and this and you're still going to come up negative 23 each year. You can't put these two together and mix them. You got 143 income last year and you got 167 expense; that was a 23,000 negative.

Mayor – Where do you get the 143?

Hendrich – Right here. I don't know where you're looking. It's right there.

Jokisch-Messig – The 143 is this year.

Hendrich –143 is total income... No, it's January to June '09. This is '09; this is '10. You still lost 23,000 in the same period of time last year as you did this year.

Graham – That's right... There's your income and your expenses and your net loss was 23,000 last year also.

Bice – So again, all we're looking

Proveaux – As you did last year, but was like this was something new that was happening.

Bice – No, it's worse. Last year was bad; this year is worse. That's the point we've been making. So this is not an epiphany... okay?

Hendrich – Right.

Bice – This from bad to worse. That's the whole point we were trying to make with the historical comparisons and again, slice it dice it

Proveaux – Yes, you were always bringing up the historical comparisons

Bice – Yes, for perspective. But again, here I'm telling you last year was bad and this year is worse. So that's all we're doing but the point is at the end of the day you're going to be looking at the real numbers. We can have them go back and re-crunch numbers if that's what you're asking her to do. The numbers are the numbers and numbers are red for net income and 34K in the hole compared to budget. Those are the things we have to fix for this year. Okay? Those are the two variables we have to take care of. However you want to slice it and dice it, that's where we're at. We went through income; we saw the shortfall there. Thank goodness you're bringing this one up.

Graham – So there... you've already took care of 9,300 of it.

Bice – That's nice to know. So you take that number plus the cell tower number... you know

Graham – The only thing I would say is to be sure that's really right. I don't know.

Bice – Right, with verification and those are the points I'm trying to bring up. Now, take this down though and we have to look at where we've overspent.

Proveaux – (inaudible)

Bice – On the tax issue right? I'm sorry what issue were you referring to?

Proveaux – No, no, I'm talking to myself. I'm sorry.

Bice – No, that's fine. My point is 26K... again what's your assumption for the rest of the year is that you go zero and balance out for the rest of the year but my point is, for the first

six months, we haven't been able to do that folks. We haven't been able to do that so we're going to have to adjust...I don't know what to do other than

Proveaux – Well did you all adjust the budget last year?

Bice – Oh, sure we did.

Proveaux – In the middle?

Bice – Not in the middle. That's what I'm saying... we never had to adjust this early on.

Proveaux – But

Bice – Yes, we always adjust the budget, basically it's usually later in the year before it becomes problematic; that I've ever had to do it.

Proveaux – But it was down last year also, almost the same amount of money.

Mayor – Help me understand one more thing. You say we're 23,000 short

Bice – Hold on... okay on ordinary income.

Mayor – and yet the general fund on the balance on city checking for April, May and June it was... the balance was 57,682 for April 62 for May and 57 for June.

Graham – Is that off the balance sheet?

Mayor – Yes.

Graham – Reconciled numbers and not straight out of the bank? Because I always worry about taking it straight out of the bank.

Mayor – It's out of the balance sheets. So help me understand that because if we're \$23,000 short then the balance would be real low then.

Graham – Well there's some things. Let me look and see here real quick. You did cash in a CD.

Bice – Right, that was for 25K. So that we brought over and that was money we don't know what to do with yet as far as reinvesting.

Mayor – But that was not in... put in the general fund. It went into the transportation fund.

Graham – This is a transportation fund. I think the only city CD is a 20,000 so if we ignore the transportation because I'm assuming you haven't done anything with that and none of it's been moved to the city's general fund?

Mayor – No, that's all sitting in the transportation fund.

Graham – So you can ignore that.

Bice – But that is something to tap into if we're in the whole at the end of the year?

Proveaux – No.

Graham – As long as it's for qualifying expenses.

Bice – Right, exactly.

Hendrich – How long... While you're on that subject, how long do you have to repay that? Say we're at the end of the year and we have to do that. What is the time limit that we have to do that?

Graham – There is not a written policy on that. What I would say is it should be a short term loan.

Hendrich – Yeah, it's got to be.

Graham – And that there should be plans as to how you will repay that. So you can't go every year and say well we have a deficit and we can keep deficit spending and we'll borrow and do that. I've seen it go beyond that. I've also seen municipalities where their citizens then go to the state auditor and say we want a state audit, we think they're spending money that was for a specific purpose and they were using outside of and a state audit is not free. They charge the city.

Mayor – Oh yeah, we’ve been charged before.

Graham – You have?

Mayor – Yes.

Graham – Very expensive.

Mayor – Very expensive.

Graham – No time limit so they can come here and charge you as long as they want. So that would be my caution. Should you do it... and before you run to the bank and borrow money and pay the interest, if it’s a matter of my real estate taxes aren’t coming in, their slow coming in, we know we will have it in a few months, borrow from yourself first. I would definitely say that. But it needs to be a short term... this isn’t a well hey when the economy turns around in four years, we’ll pay it back. There has to be a plan to say cut expenditures or find something. You don’t have a lot of ways of saving more money.

Mayor – This is another reason we need a financial person is because sometimes maybe things are taken out of the general fund that could’ve been taken out of... not transportation necessarily but the other one.

Graham – Transportation is a possibility... and you have capital improvements.

Mayor – Capitol improvements yes, or even the park fund. For example, we’re right now in the process of wanting a flag pole out here in this little park. Well we can use the park fund right?

Graham – You can.

Mayor – Okay, alright.

Proveaux – That’s good to know.

Graham – And I would still caution... I would still caution with that same thing that capital expenditures... I would say... and don’t just say you can’t have your flag pole or anything, but I would also... same thing as a citizen... If our city is short of money, do we need to spend it on a flag pole if I’m not going to have the money? So

Proveaux – When are they going to have the money for it?

Mayor – Because they don’t understand the funding?

Graham – Well no, I’m just saying same thing. If you’ve got the money and can borrow from yourself but you’ve already spent it on something else you can’t borrow it for that short term period if you’ve gone and spent it on something. Do you have people who maintain your city parks... city employees that maintain your parks or are there just very little expense there?

Mayor – No, we just have a very small fund.

Graham – It is tiny... there’s not a whole lot of cash there. I think there’s only \$900?

Mayor – 4,000

Graham – Oh wait, there is about 4,000 okay. So maybe it was the revenue I was thinking of. If you don’t have or paying to have anything maintained, then who cuts the grass and stuff?

Bice – We contract that.

Graham – And is it paid out of your parks tax?

Bice – No, it’s a separate line item I think.

Graham – Out of your city budget?

Burkemper – That’s the one that Greenwood does for free.

Proveaux – Greenwood, that’s what I thought.

Hendrich – We have a very benevolent city business that’s doing it.

Proveaux – For nothing.

Graham – Those are the kinds of things I'd say if you had operating expenses in a fund that had dedicated money, pay your operating expenses first. Always do your capital expenditures

Mayor – But if it doesn't have anything in it, then

Graham – If there's not something... if there's nothing in there that could potentially need repairs, I would take care of operations, repairs and then do capital improvements. On a conservative side, I just think everybody needs to spend in that order because the last item is the... when I say a capital item like a hole in your roof or you don't have... where we see it is sometimes we've seen handicapped individuals sue because something isn't handicap accessible. So if the money isn't there and you have to do something that's a capital improvement... if it's mandatory or something that makes it functional, then I would save the money for that. Otherwise, anything like aesthetic improvements... you do have the money. That would be my only caution; in tougher times, in conservative times, spend operations, repairs and then capital.

Hendrich – Well, we did approve \$2,295 for this rain garden over here. We just never got around to doing it.

Mayor – Would that be capital improvement?

Hendrich – What, the rain garden?

Mayor – Yeah.

Bice – It was part of our drainage system too.

Proveaux – It was for the building here, was it not?

Bice – Yeah, for running the drainage... not just for aesthetic purposes.

Proveaux – Oh.

Jokisch-Messig – That was pretty much primary.

Bice – So that's good news... I'm hearing good news there because I didn't know we had that. That's good news.

Graham – It makes it not near as bad.

Proveaux – Right.

Bice – So I'm adding that... getting this running total...

Graham – Ernie, that's part of understanding that cash balance thing here... how this is saying you're showing a \$23,000 loss, but that budget balance brought forward to balance your budget, that's not a cash item. There's not going to be any more cash put in because of that. That's just showing that we had that much cash in that bank account left over from last year. So there's no cash flow.

Mayor – But it's on paper though isn't it?

Graham – It's in that balance you're looking at already but that's taking... when you're saying we have a \$23,000 loss, you think there should be 23,000 out of your bank account. Well part of that loss, to use round numbers, is this \$9,300 number here is creating part of that \$23,000 loss. 9,300 of the 23 is the fact that there's no entry being in here to show that beginning cash in the bank balance. So far, on just the net income on the city operations, you're really more like a 13,000 to 14,000 loss over last year cash loss and not that either...

Bice – Isn't that

Graham – Well, they're mixing apples and oranges again to because really this is the cash in, in the actual column, that's cash in... that's cash out.

Bice – At the end of the day...

Graham – I'm mixing why you are short compared to budget.

Bice – I guess that's the point I've been looking at. At the end of the day, that net income number is my final

Graham – Under actual.

Bice – Yeah, that's my final number at the end of the day that I know about that I can say hand on heart, everything's been balanced out through all the court, police department and our operational... that is the number I'm concerned about. From hands on dollars to

Graham – And cash out.

Bice – Yes. And now we're almost 14K in the hole. At this stage, again, the only point I want to bring out is the historical perspective... we were only 2 to 3K to the bad that I ever knew... and again that is just cash in my palm year to date.

Graham – Yeah, so if you look at that same 14... bottom line 14 under the actual column, cash in; cash out

Bice – Through June now.

Graham – it's \$14,000 down, and then you want to compare that to your cash balances. The capital improvement's cash balance went from 53,000 last year to 39,000. There's a 14,000 dollar difference right there. So there's a chunk of... there's your cash part that's gone that matches up with that loss.

Bice – Right.

Graham – You know there's some fluctuation in the city one but the majority of the cash came out of the capital improvements. So you must have spent... it looks like you did spend about \$10,000... about 10,400 on capital improvements?

Bice – Well, we did the windows,

Burkemper – Squad car.

Bice – Squad car, windows, yeah.

Burkemper – The windows were in '09 right?

Bice – Yeah.

Burkemper – The squad car was '10.

Graham – Well there's two different accounts. There's 5950 and 5955... I wonder what...

Mayor – Which line are you talking about?

Graham – At the very bottom of that schedule you're looking at.

Mayor – What's the number in front?

Graham – Under "Other," it's 5950; five thousand nine fifty... so the last two expense items under "Other Expenses."

Bice – Down here.

Graham – See those two?

Mayor – Oh yeah.

Burkemper – If I had to guess, I would think the expense shown in the capital equipment was probably the police car because if you recall, that total expense was

Burwitz – It is. It's the difference between the cost of the car and the MOPERM adjustment for the totaled vehicle. So the 5955 is the cost out of the city's portion... city's budget that went over to pay for the remainder of the car... to cover the cost of the car.

Burkemper – Basically, capital equipment is actually equipment; stuff that we use like cars, machines, and computers. Whereas capital improvement would be something like building improvements that

Graham – Windows and things like that.

Burkemper – like windows that improves the value of our house. Getting outside of theory... actually that 4762 was for the police car. Now I don't know what the 2690 went to.

Graham – Do you still have QuickBooks still up? I could look real fast.

Proveaux – Now see when I look at the 2009... it doesn't seem like we're any worse off than we were last year.

Burkemper – That's where the percentages (*inaudible*)

Mayor – You reduced the budget by about 20,000... Well not even that... 15

Bice – Well if you're looking at raw numbers

Mayor – from budget.

Hendrich – You have to compare 77 credit to 13-9... same time frame; bottom line net income. Last year was 7780, this year it's 13949... they don't lie.

Proveaux – No.

Bice – It's not good. It's from bad to worse.

Hendrich – Regardless of the line items, they may fluctuate from time to time and we did look at some of those and you'll see the budget differences. We tried to massage here and massage there... for instance real estate taxes

Proveaux – So what's your consensus that we should do?

Bice – Well, going down, we haven't got to the expense side and that's where I want to verify what we think we're going to get on the income side for the rest of the year and get at least some reasonable sense of comfort... cell tower tax, option use tax,

Graham – Rain garden.

Bice – Okay.

Graham – Rain garden was the other

Mayor – What's the rain garden... I'm sorry.

Graham – The majority of that \$2,690 in capital improvement expense was the rain garden.

Hendrich – That was this one... We approved 2295 for this one over here. I still have the contract or proposal. You should have one too... they just haven't gotten to it yet.

Burkemper – What's over there now isn't a rain garden; it's just a really pretty berm. So I guess that contract's never really been fulfilled.

Hendrich – Well I think we've gone ahead and signed it off... I'll have to check. You might want to check with Pete because I know we issued that contract.

Mayor – Now which account is that going to be in?

Burwitz – The rain gardens have already been completed out here on the East side.

Hendrich – Oh, they've already done it?

Graham – It's in capital improvement expense was the rain garden.

Mayor – Oh, okay.

Hendrich – That was the one we approved for 2295 for this one over here.

Proveaux – That's the one that's already been paid; so that's an expense we don't have to look forward to.

Bice – Okay, what we haven't talked through yet is on the expense side, where the overages are and where potentially we may have to cut. I guess this is part of the exercise and again I just tried to flag the big ticket items on the expense side. Of course the building permit payments; we've already talked about that and we already understand that issue. Right?

Mayor – We have no control over that.

Bice – I know and theoretically we always come out to the good on that.

Jokisch-Messig – Good.

Bice – Theoretically anyway. Where then I look at is professional services, 5185

Mayor – What is that for?

Bice – I guess that was a question I was really bringing up here.

Graham – Isn't that us?

Bice – I don't think that's you.

Proveaux – Yes.

Bice – Hold on...hold on. Wait, go back up because

Jokisch-Messig – There's also financial director

Bice – there's financial director, that's where I thought

Graham – That was probably

Proveaux – You had your financial director... you said the first part of the year.

Graham – Isn't that why that account is so short for the year compared to budget?

Proveaux – Exactly.

Graham – Then why

Bice – That's the question. I guess we need to make sure, verify, where do you want to put that?

Graham – Are you charging my bill to professional fees?

Burwitz – No, professional services are all GBA fees that are not directly related to building permits but for other things they are doing

Mayor – Such as?

Burwitz – for the city.

Bice – So when

Proveaux – Such as what then?

Bice – Did we ask them to do maps and (*inaudible*) last year.

Burwitz – Review drainage concerns and provide recommendation

Mayor – About what? Oh, here at the city hall or what?

Proveaux – Okay so that is not going to be an expense in the next six months?

Mayor – No, right?

Bice – Unless you see something different.

Mayor – Well I just want to

Bice – Verify

Mayor – go back up to the financial director, which would be you guys. We just got a bill.

Graham – Right.

Mayor – \$3,200.

Graham – Which isn't going to be in there then.

Bice – It won't show up until July.

Burwitz – Right.

Mayor – Yeah, it just came in and just paid it.

Bice – So we'll catch up on that one.

Graham – You're right... that's more than was spent before. So even though you had a \$2,500 balance to the positive because you hadn't been paying a finance director, every bit of that difference got eaten up with our bill.

Proveaux – Right.

Graham – So you won't have a positive variance there come July. So that will be an issue.

Bice – Yes it will. Utilities... you can go down to 5240 and 5250

Mayor – Oh...wait you're passing up what you said you wanted to bring up code enforcement officer?

Proveaux – Yes.

Graham – Yeah... 5150.

Bice – Yeah, but that I'm saving... first I want to go to the overages and next I was going to look at potential cutting.

Proveaux – Okay.

Bice – So we have two different things there.

Proveaux – Okay, so let's go down to the overages.

Bice – The overages again... and I basically said anything over \$1,000 on our budget was what I'm looking at. City hall utilities and city hall street lights were... and I think that was a reflection of energy costs.

Jokisch-Messig – Yeah.

Bice – Not much you can do there guys.

Mayor – Street lights wasn't really... they're about half aren't they?

Graham – It's close.

Bice – Yeah.

Graham – It's a little over. I'm sure your utilities... who do you guys have for utilities out here?

Mayor – Whereas your city hall was a lot higher.

Burwitz – Cuivre River and Ameren.

Graham – So you use them both.

Burkemper – Ameren is the street lights and Cuivre is the building... right?

Bice – Yeah.

Graham – I know Cuivre's rates went up and I bet Ameren's probably did too.

Proveaux – Oh yeah.

Graham – So regardless of usage, you were

Proveaux – Right.

Bice – Okay, the G.O. Bond... that was the other big one.

Graham – Okay, and I would bet money on this one... is that because it's about half you're budget... remember how that works, you make one principal payment a year and two interest payments a year. Your principal payment is going to be in that. That would be my guess.

Bice – Okay.

Graham – So another one that's hard to look at by knowing we're only half way through the year.

Bice – In perspective, we've already paid the bulk of it... my point is, we really don't have to worry about the balance of the budget in there.

Graham – No, I'm sure you've already taken that off of your amortization schedules... so budget-wise you should come out really close. I don't know why you wouldn't.

Bice – So another one that's over is our police budget in general revenue, we're at 58%, so we're showing we're past... we should be at 50% and we're at 58%.

Burkemper – Yeah, and that's directly related to the municipal court where it's a little bit under. That's where the municipal court didn't have the cash on hand to make the full transfer and what else we need is taken out of the city. So hypothetically, towards the end

of the year, those should also... there have been some months where we've been able to take it all out of the court and none out of the city or the disparity would be even greater.

Mayor – However

Proveaux – That will be put back in... so

Burkemper – Not so much put back in as much as it won't be taken out.

Proveaux – Right...okay. That's I guess

Graham – Isn't that dependent on what happens with the court?

Burkemper – In a lot of ways, yes.

Mayor – Sure.

Graham – I guess if you write a lot of tickets then

Mayor – Well we don't want to encourage any kind of

Graham – You don't want to become a...

Burkemper – That's another indicator of the economy... if less people are driving or more people are being careful because spend less fuel

Graham – Because they know they can't afford

Mayor – You know it also... maybe people know that... to watch it when they get here

Proveaux – That's just fine with me that they know that.

Burkemper – You know, I can attest being here almost ten years, the number of violators we had then compared to now, it's almost like you have to work for it now whereas before it fell right into your lap. So there has been a difference in the long term.

Graham – So that may or may not get made up.

Hendrich – (*Inaudible*) I know a little about it is at the end of '08, that G.O. Bond matures March 1st 2012. The other one with the Missouri Economic Finance Board... actually matures September 1st of this year.

Graham – I was thinking... I think that one gets paid soon and it'll be gone.

Hendrich – It'll be gone and then of course is the

Mayor – That'll help us a little.

Hendrich – vehicle is gone

Graham – Cash flow wise that will help.

Hendrich – we're approaching long term debt being nothing.

Proveaux – That'll be great.

Bice – So those are the bigger ticket items that I'd say were in deficit mode and then the next item of discussion point is where could we potentially cut from our expense line items. I put five out there to consider, but again I don't know if we're at that stage yet.

Proveaux – What five did you have?

Bice – The five that I have... I put down 5150... and again these are not set in stone. I was just getting possibilities. 5175, 5220. 5370 and

Proveaux – 5220

Mayor – Why that's insurance for city hall.

Bice – Did I say that right?

Proveaux – You can't do without that.

Burkemper – Were you referring to another line item?

Bice – Hang on, hang on.

Proveaux – What is this planning and zoning?

Bice – Oh, that was one of them.

Proveaux – But what were you thinking of cutting there?

Graham - \$1,000 out of the budget.

Bice – Yeah... think about it this way Carol, how many meetings have they had at all this year?

Proveaux – Right, right.

Bice – My point is... the only time we need to have them is if we were going to do presentations, public displays, etc.

Mayor – This is just off... paper stuff... off... out of budget.

Proveaux – Right, so then that 1,000 could... right.

Graham – There's a chance you won't spend it... right.

Bice – I'm not sure about the 5220 but

Burkemper – Basically you're reducing your temptation to spend that money.

Graham – Without holding a meeting and coming up with a good reason for spending if you don't have a budget for it.

Jokisch-Messig – Insurance though for city hall only ran \$36.50?

Graham – I'll bet you it was the same thing... it was a timing of payment.

Jokisch-Messig – Oh, okay.

Mayor – Towards the end of the year probably.

Graham – Probably towards the second half of your year is probably your big payment. Or the 36.50 could have been an adjustment because of the new car or something. I don't know.

Bice – 5370 is always one we can keep our eye on at ways we can chop there and the one I had a question on was 5430, the loan... State of Missouri loan. I didn't know about this.

Graham – This is the one that's going to get paid off in September. So this year you'll have to pay it.

Bice – Okay, so that's off the table.

Mayor – How about the 5365? That's quite a... isn't that... budgeted

Proveaux – Janitorial service?

Mayor – The budgeting wasn't good for that.

Graham – They must have had a price increase.

Bice – Was it the budget or the spending?

Mayor – One of the two.

Bice – Or both Ernie... or both.

Burkemper – The ladies come out every other week and

Bice – Really what I was looking at with the potential cut items were those that were under that I thought we had cushion. When I looked at janitorial, I wouldn't say we had cushion because we were already over.

Proveaux – Yeah, but we could stop it though. I don't mean stop it but we can cut it I would think.

Bice – That's for the hard choices I think. I went with the low apples this time. I'm telling you where I think we have some low apple cushion. That's all I started with.

Jokisch-Messig – Is this a team of people that come in to do the cleaning?

Burkemper – We pay the same amount no matter how many ladies show up because it's a contract

Jokisch-Messig – Oh, it's a contract?

Proveaux – It's a contract?

Burkemper – so if she brought one lady or three, we would pay the same amount of money.

Proveaux – And how often does she come?

Burkemper – Every other week.

Mayor – Well, then why would it be higher for six months than it would be for the budget is the question?

Jokisch-Messig – Because we probably had an extra week, you know an extra time depending on how the weeks fall, we may have had 27 or 28 weeks

Proveaux – Right.

Jokisch-Messig – in the first half of the year versus before.

Proveaux – So that's not really a deal either then.

Burwitz – Their December invoice most likely wasn't paid until January

Proveaux – Right... so that's in there.

Burwitz – so that would put the expense side over by that amount.

Graham – There's a lot of reasons that

Bice – So again, I purposely didn't select that only because again I was trying to go with low apples where we had some cushion. That's my only basis.

Proveaux – Okay, so what's your five items again?

Bice – Well, three now because we just talked ourselves out of two.

Proveaux – That's what I thought.

Bice – 5370, 5175 and 5150 where again we had cushion and maybe some room to chop. But we're not even at a chopping stage here yet. I'm just saying those are three that I see as viable.

Proveaux – 5370, 5175 and...

Bice – and 5150

Jokisch-Messig – and 5150 . Are street lights on a timer basis?

Burkemper – They're on photo cells.

Jokisch-Messig – Dusk to dawn in other words?

Proveaux – Okay, so that's a savings there.

Bice – Yeah and keep in mind we added the one on Z. Remember we added that to our

Burkemper – At the entrance to Sycamore?

Bice – Well it's at Foristell... that one. We added that one.

Jokisch-Messig – That's much needed there.

Mayor – How about 5320 telephone? It's considerably higher than according to our budget

Proveaux – Right.

Mayor – for six months. What's the issue there? Is there some sort of rate increases or what's

Proveaux – Yeah, cause it looks like we spent 71%

Mayor – 71% yeah.

Proveaux – That's really

Mayor – That's heavy.

Proveaux – That can't be right.

Bice – That has to do with our internet connection too.

Burkemper – The internet connection should be down.

Bice – Should be what?

Burkemper – Should be down. I think the city was probably on task with the internet connection until we got rid of the internet connection. Here on out it should

Graham – The only bill that was high was January because it was \$40 higher. Otherwise, it's running right at \$183... \$184 a month. For some reason January's was \$40 higher making it

Proveaux – But then why was only 1,600 budgeted for it?

Graham – Let me change the dates here then and see what I can see on this page.

Mayor – Yeah, we're just going by the budget here.

Proveaux – Yeah... (*inaudible*) figures.

Burkemper – Do you remember if the phone menu was a budgeted item or was it added later?

Graham – Up until... you were paying \$140 up until November and it went up to \$150 so it increased about \$10 thru December. Then it was like in January they billed you another 40 like they played catch up. So it looks like there was either a change in service or you just plain had a price increase.

Bice – Something happened. See, we budgeted spot on then based on those numbers you just gave me there Michele.

Graham – Yeah, I'll bet you're actual would've been really close to the budget.

Burwitz – Part of that, I bet, is when we put in the options on the phone line so the court clerk has her extension for a message to be left.

Hendrich – That would all be a phone bill because regardless

Burkemper – That's right... I'm sure the increase is the voice mailboxes.

Bice – Okay, well that at least explains it.

Mayor – Well, that also explains it where we have to adjust the budget higher. If we're going to redo the budget

Proveaux – Exactly... yes.

Burwitz – However, that telephone expense you can look at as coming down shortly. Not just yet but just the other week when Computer Paramedics were here and wired the city hall into the router on the police station side, I eliminated the incoming DSL line to the city hall.

Burkemper – So we are sharing a DSL line.

Burwitz – So that will at least offset or decrease that phone line as well.

Bice – The other thing to keep in mind to

Mayor – This is just a middle of the year... and maybe when we go to the budget time, that adjustment will be there and we can handle it properly at that time.

Proveaux – Right, this is... yes.

Bice – I think what we can do reasonably is go for the bigger ticket items and try not to get so much into... I guess my point is take care of the differential another way so if you're over a little bit on telephone as long as I'm making up for it in other line items. So it's point taken but

Mayor – So what are we rewriting a budget for this or what?

Bice – Well

Proveaux – I

Jokisch-Messig – Okay, on dues we're... we way overspent that. What

Proveaux – What dues? Yeah.

Bice – Which line item on here?

Jokisch-Messig – 5340

Burkemper – That’s when the Board authorized DeeAnn to join the clerk’s association.

Jokisch-Messig – Oh, okay.

Burkemper – I forget what the actual title is.

Bice – And again I stayed... while I recognize that, I stayed away from anything less than \$1,000 on budget. I wasn’t ignoring it per say but I was using that as my own criteria

Jokisch-Messig – Well I look at this a little more and some things just stand out a little more

Bice – And you’ll find there’s other items in there. My point is that I went for were either based on a percent... I looked for wacked out percentages and then I looked at raw numbers. That’s just my logic tree here and then I took it over... anything less than 1,000... I was leaving alone... basically.

Mayor – So you really... the things that are that radical are very few... that don’t make up for the 23,000 or anything else?

Bice – And so where we’re at, at the end of the day, part of this is again I go back to... if I’m adding up, and I’m just thinking out loud here, just stop me if you don’t... but I’m thinking we’ve got the cell tower rental money coming in, we have a portion of the option use tax coming back to us but it doesn’t look like we’re going to get... so I can’t rely on that. So I’ve got 26K to the good... I’m just going to throw... I don’t know... a couple thousand on the option use tax

Graham – To be down you’re saying?

Bice – I don’t know, I’m just saying

Graham – Yeah, cause you’re 2,000 down six months into the year. Are you going to be another 2,000 down, so you’d be \$4,000 down for the year.

Bice – Yeah, I’m only giving myself credit for 2K for the rest of the year I guess is my point. I’m not going to get 3,500 in that

Graham – I guess I don’t know which way you’re going. Are you saying by the end of the year you’ll be

Bice – I’m only going to get 2K more. I’m looking at the next six months now.

Graham – Well then you’d almost have to go down each line item and say you’re going to have another 15K here... you’re going to have another... you know... otherwise you have to say well

Bice – I’m picking up on the ones where I had a big differential...see and that was what I was going by. All of these others are fairly close to 50%... you know, the 48’s and 52’s. I was looking at the big ticket items and I was leaving out the 48’s and 51’s because I felt we were pretty good there. We’re going to be plus or minus right?

Graham – Yeah, I’d almost go through and say the plus or minus on the building fee is meaningless, the plus or minus on the cell tower is meaningless, the plus or minus on the balance forward is meaningless, the municipal court could or could not be, so where I think you need to be concerned is the Use Tax and your Sales Tax are going to come in... you’re looking at almost \$2,500 short for the first six months and if you’re another 2,500 minimum... you’ll be \$5,000 short in revenue for the year. Real Estate Taxes might be a slow pay, your 600 now so you could be another grand, two grand, three grand short there. So I think you’ll have to watch that. I think Cuivre River will make up a little bit of that. With a hot, hot summer, the rates are up and people’s use will be up because of the hot summer even despite the economy being bad, I think you’ll end up okay there so that might

make up a little bit of it. The rest of it probably is not going to be an issue. You don't know... you can guess all you want to on merchant's license, liquor license, you've got to assume they'd be kind of the same. So I would say that you're going to... my concern would be that Sales Tax you're probably going to be down \$5,000. Real Estate Taxes, you could be down anywhere from 1,000 to \$3,000. So I would say you needed... you're going to fall \$8,000 short in revenue. Potentially, some of it may be made up by Cuivre River and anything else I probably wouldn't count on one way or the other. So somewhere are 5,000 to 8,000 short in revenue for the rest of the year. Okay, then you have to go down and look at your expenses and say where... because you had a balanced budget and now you're looking at being a potential of 5,000 to 8,000 short. Where are you going to be shorter over for the rest of the year and those ones that you looked at...

Bice – I could only make up 2K out of those three we have remaining. I was 6K short, doing it my way, so we were pretty darn close. I was 6,000 short and I could only make up 2,000 of that.

Burkemper – That email I sent out about the Police Department... there are obvious contributions we could make to the cause. As you know, according to budget our lease payment was over budgeted to begin with and we've paid this car off, so this is a realistic savings. We're finished with that. So that \$2,200 we did not spend on lease payment, we're just not going to spend it because we don't have any more lease payment and that's not something that's going to change.

Bice – Which line item is that Aaron?

Burkemper – That line item is number 5600 on the Police

Proveaux – Police budget...right.

Bice – So what's the differential for the rest of the year?

Burkemper – That is the 2,246.36. That's a hard number; it's not going to change.

Bice – So that's about 2.2K.

Burkemper – Right... In addition to that, on our promotional items, I know we're getting down... there's less than \$1,000 that we're looking at but again that \$480... we don't have to spend that. Honestly, that's stuff we give to the kids which obviously helps our PR but we would not be the first city to sacrifice trinkets for a balanced budget.

Proveaux – Right.

Bice – What's the line item on that one Aaron?

Burkemper – Line item for promo is 5560.

Mayor – And you said you saved some on the festival.

Burkemper – Yeah, the Festival Expense... the number you see now is line item 5550, if you add \$150 to that expense 'cause the bill just showed up for the mule we rented, the ATV, so there will be some savings there and again it's going to be in the hundred's and not the thousand's.

Mayor – Well, every little bit's going to help.

Burkemper – That's going to be approximately \$448

Bice – Well if you get... If I count that

Burkemper – under budget.

Bice – What's that line item number?

Burkemper – That's 5550.

Bice – Then we're there. Far as I... from my projections... so that's 6.2 then... if I count those three line items, plus the three line items I was suggesting, I was suggesting 2K out of

my own three line items, and you would contribute 3.2K so that's 6.2. I was saying 6 in the hole and you were saying somewhere in 5 to 8 range in the hole. So that gets us pretty darn close.

Burkemper – Now, the grant matching, we are going to use that. We have three vests on the way... this one expired this year and the other two have been expired for almost three years and that's a 50% matching that we get through the Federal Government.

Graham – You don't want to forget... you don't want to pass up that because that's going to go away too.

Burkemper – I think... will be obligated in September and then we'll have to reapply

Bice – Okay.

Burkemper – which we can do but as far as money... that money will be spent this year... probably within the next 60 days.

Bice – Well, you don't have to be the sacrificial lamb for everything but I appreciate you putting all this on the table.

Burkemper – But at the same time, I want to contribute.

Mayor – Sure, absolutely. Let me ask you then, on the dispatching and warrants, January thru June was 17,700

Burkemper – Right.

Mayor – and the budget was 22,500. Tell me about that.

Burkemper – Again, that's an example of a timing issue

Mayor – Okay.

Burkemper – because that's a contract. They charge us one number at the beginning of the year and they divide it up quarterly.

Mayor – Oh, okay.

Burkemper – And it's just a matter how that falls compared to our

Mayor – But they did go up?

Burkemper – It went up but we were prepared for that.

Mayor – Okay because I noticed last year's was 16,800 compared to 17,700 this year.

Burkemper – Yeah, when we signed our contract, they put in a provision that they could increase a certain percent every year without the contract having to be rewritten... and I want to say it was a 3%

Mayor – Just a general question, is that still the best deal in the county that we have... option for us?

Burkemper – I believe it's the only deal we have.

Mayor – Okay, I guess it's the best then.

Burkemper – We asked the sheriff if he'd be willing and his response was not at this time. So he's not totally opposed to the idea, just not now.

Mayor – Are they... is that because of the election coming up?

Burkemper – No, he's been saying that for a couple of years. For him, it's just manpower and assistance.

Mayor – Would they be more reasonable if they were available?

Burkemper – No.

Mayor – Oh, okay... you answered it then.

Burkemper – No, and you know that is far, far less expensive than adding our own dispatcher, so it really is a good buy.

Mayor – Okay. Just getting it clear, that's all.

Burkemper – Absolutely, we have shot that around before.

Mayor – Yeah, I know you have in the past. I was just wondering what was the latest... that's all.

Burkemper – Nothing's really changed. It might be interesting to see if anything changes once the voter approved radio plan comes online which won't be for another year yet.

Mayor – Then that gives us a head's up is all.

Burkemper – That's probably going to be a couple years. We'll keep that in mind... that's all mired down in bureaucracy right now.

Mayor – Okay.

Burkemper – Everything else on the Police Department side is pretty close to being right on with the 50%... give or take.

Mayor – Alright, what was our next step then? If everything is kind of understood and we're not too bad right now, is what you're saying?

Bice – I mean if

Mayor – If it's a projection, do we have to put it down in the budget?

Bice – If those are the things we're throwing down on the table, I'm not saying it has to be those six line items but again this is the best we can do at this stage of the game. These are the best projections we can make and at least I feel responsible for addressing them now because we know where we are at this stage and there's nothing that precludes us from adjusting the budget again. You know what I mean? We can do this exercise again. So that's the question... are we in agreement... I think we got there in different ways but I think we're okay with the income side and the differential and I think 6K is a fair projection based on where we think we're at. I think the next question for the group is... are those the six line items and are those the quantities per line item that you'd agree with? So Aaron's thrown three out, I've thrown three out, are there others you want to consider? Open to the group.

Mayor – Now, are the three you're throwing out

Bice – Let me give you the numbers with it too Ernie. So let's go through it... I was saying 5150, I was throwing out a number of 1½ (1.5K)... I don't know if that's real but

Mayor – What... saving it?

Bice – Cutting from the budget.

Mayor – Okay, cut.

Bice – Yes, 5150 cutting 1.5K, then 5175 cutting 1,000

Mayor – Right, because we don't need it.

Bice – and then 5170 chopping it by 500... you know, .5K so that was 2K right there.

Jokisch-Messig – That would be 3K wouldn't it?

Burkemper – Yes.

Bice – 3K... I'm sorry, yes. You're right... thank you. Then the three line items that Aaron put out there from the police budget, 5550... and I'm using the police budget numbers now... that was 500. 5550 and that was for 500, 5560 was for 500... again that's a police line item, and then 5600 was the lease payment... the lease line item number and that was 2.2K so that gets you 3.2K for a total of 6.2K... and at least in theory, that should make up our differential on the income shortage. Just in theory guys.

Jokisch-Messig – Not really but...

Bice – Well, you know it's our best guess.

Mayor – Let’s talk about the... if we’re going to be telling Jerry that we’re cutting his amount, what are we going to do... ask him to do it once a month... twice a month? He’s been going every week... coming here.

Bice – Right... well, that’s an interesting question. If he’s been going that frequently, then that’s interesting that the number is as low as it is.

Jokisch-Messig – Yeah.

Mayor – Well, he only puts a couple hours in

Proveaux – It only takes a couple hours to do that.

Jokisch-Messig – What’s his average run time of going through?

Mayor – Two hours.

Proveaux – And he has still not address the one place that I had the complaint about... and he’s never seen that

Mayor – Over here on F?

Proveaux – it must be off limits.

Bice – If it’s in the city limits, it’s in the city limits.

Proveaux – And I’ve had a complaint about it and, in fact, I emailed you before I went into the hospital and since then

Bice – Well, then shoot it to me again. I think I forwarded it but shoot it to me again, if you would, and I will forward that on and ask him to check it

Mayor – Just ask Jerry yourself.

Bice – Well, will you see him?

Proveaux – No.

Bice – Then send it to me.

Burwitz – He comes in here every week when he’s making his rounds if you let me know what the issue is or what the address is.

Hendrich – Just jot it down... would you?

Burwitz – Because he’s always asking me every week... what I know

Bice – Okay, let’s save that for

Mayor – What’s his name?

Proveaux – Okay, I’ll give it to her before I leave.

Bice – Okay, that’s a good point. Anyway we can do that. We can go monthly

Proveaux – I think monthly would be

Bice – for now

Proveaux – sufficient.

Bice – and Jerry with the understanding... he would understand. Jerry’s very good about this. For now... for the rest of the year, let’s just keep it at a once a month basis or whatever

Mayor – Because of budgetary problems... that’s all.

Proveaux – Right.

Bice – That’s just how it is and that’s okay. Things have toned down quite a bit anyway so I think we’re okay to do it for a time... for a short period of time this way.

Mayor – Is everybody in agreement?

Bice – Does anybody

Jokisch-Messig – Do we need to make a motion on that?

Mayor – Well, work sessions aren’t that way.

Bice – Right, we’ll get with Stephanie on amending the budget and all the proper protocol that will follow. We’re just getting down into the detail.

Burkemper – If you were to enact these, then you would do that in a regular meeting.

Bice –... in one big vote. So we'll do that at the next meeting.

Jokisch-Messig – Okay.

Bice – Okay, so that's one... Any others you guys can think of? Again, those are just the six out on the table. It doesn't have to be those six. Again, I just picked low apples from what I thought and then Aaron's graciously volunteered but it doesn't mean we have to take those six if there's something else out there.

Graham – The only thing I was going to say is if you go ahead and make budget amendments, that I would... because you're going to end up being over with my fees and you're going to be under on finance. So I would move your budget... otherwise by the end of the year you will need to amend your budget because you won't be able to go over. I think that

Bice – But here you're talking about specific line items?

Graham – Yes. Do you do your budget on a total?

Bice – Total... so that's

Graham – So you'll be alright.

Bice – So that's what I guess I was wondering

Graham – I still think you would want to see it reflected because otherwise

Hendrich – We could drop Financial Director and pick it up under Professional Services.

Bice – Yeah, that makes sense... overall that makes sense.

Mayor – Well, the problem with Professional Services is there's only \$250 left in it.

Hendrich – That's right but look at what we've got in the Financial Director and we don't have one anymore.

Proveaux – But we should get one.

Mayor – What are you saying? We have to have a financial director?

Proveaux – Yes, that's what I'm saying. We need to do that.

Graham – DeeAnn says you're going to move... my bill... my firm bill will go under that 5125 because that's where the budget is... which is fine too.

Hendrich – To answer your question Ernie, we cannot afford to get another employee right now.

Graham – That is what a lot of people do... is they hold out. I do think that... I mean honestly don't you think you won't need us to come... I mean Lindsey will need to come out and obviously in the beginning it took more time because there were things that... there were prior months that hadn't been balanced... so I think... I know her time is faster but I do think that... I mean not that you shouldn't be working on getting somebody but

Mayor – Is her job just reconciling the bank statement?

Graham – Part of it... and then making the entries to make your transfers and things that are not recorded within the system. So she goes in and does the transfers for that.

Mayor – Okay, let me ask you a question. Isn't DeeAnn able to do that?

Graham – Record the transfers... honestly I don't know... Lindsey could show you. One I can't make an assumption about how much time you have.

Burwitz – What transfers are you talking about?

Graham – It's the transfers between... and I guess since I'm not the one that comes out, Lindsey would be a better person to do it... the transfers between the bank accounts and between police... you know how things are set up in the different funds. So those entries have to be made because there not just

Burwitz – The budget transfers? Those I do through

Graham – Not the budget transfer... it must be

Hendrich – Journal entry actually moving money from the municipal court to the city, from the city to the police department... you know how you do that through

Burwitz – Distributing court costs... court costs to judicial training, officer

Graham – There's some things in QuickBooks that are just a little bit different than... I mean it all works and there's a good reason for why it was set up that way but it's a little weird.

Mayor – The reason why I bring it up is that I got the rules from the Missouri fourth class cities budget and budget process from the state... it says here for budget officer, "Every political subdivision must designate someone as a budget officer" and it's got the code for that "who prepares a proposed budget for the board. This may be the Clerk." So

Bice – Here is... and I think this is a very good point and here is a thought we should consider as part of this exercise. And that is... we appreciate the effort you guys do but anything you could help us to have our clerk do... and again if we have to increase hours or whatever to do this, if it's cheaper for us to do that

Graham – Internally...absolutely.

Bice – yeah. We ought to be doing that.

Graham – Yeah, I can't say on her time or what you already have her

Bice – Yeah, that's another discussion point because she's limited on her time now and she's pretty crunched. But my point is, if we have to add more hours or add more hours to her schedule during the week, if she's willing to do that and it saves us money to do it that way as opposed to bringing Lindsey, we ought to be doing that.

Graham – Yeah, the only issue I'm going to say... because I think we can train anybody and I'd rather train somebody, is I would say then internally, and I think you have the knowledge here, is that you don't have an outside person doing the bank reconciliations...so now you have all of the writing the checks, receiving the money, recording it, reconciling it, all wrapped up in one person. So that

Proveaux – I don't know if Stephanie...

Graham – me as an auditor, which is where I'm usually standing with the city, is saying that you don't have any internal controls because you don't have any segregation of duties. Still okay. It is one person at a lot of places but then somebody has to actively get that so that would mean that somebody would have to step up and say well I'll get the bank statements and review all the activity... I'll review the bank

Hendrich – I'll do it.

Mayor – He's been doing it... he's been doing it.

Graham – Yeah, so I'll review the bank reconciliations and be responsible for the financial statements so that you get some of that segregation of duties and that oversight. Otherwise, you know it's fine.

Mayor – The only thing that bothers me about... this is great... we need flags to be brought up if there is something not right and I'm sure it would either be her or you would say well we're spending too much in this area and then bring it to the board and say... and you know.

Graham – Well, I think you just got to that point anyway right here, right now.

Bice – We just did that. Here's what you could do... at least the way... I don't know about QuickBooks, but anytime you hit a certain percentage of your budget or... when you get to a

certain percentage or raw number, can't you flag it in the system and say we need to address that line item? Isn't there a way to do that?

Graham – QuickBooks won't flag it, no. You'll have to do that.

Hendrich – Do it yourself manually

Graham – Yeah.

Hendrich – which is alright.

Jokisch-Messig – Well my Quicken account tells me though when I have a payment due. You know and that's flagging that I

Bice – I guess I do logic trees on Microsoft Excel all the time, if then statements and so when I hit a certain number

Graham – Right and QuickBooks isn't in Excel so you have to export that into Excel and Quicken is a different program than QuickBooks. So there are different options on them and QuickBooks is a step up from Quicken but you lose some of that functionality. Peachtree is more sophisticated and does a few more things but it's much more difficult to use because it has so much more flexibility. But it's not that big a deal to go down here just like you did and say anything over \$1,000 variance and x percentage... that's what we do when we do account analysis all the time. So you know... again if you're going to say well you're responsible for looking at this or you're responsible... you're responsible for the bank rec's and you're responsible for budget so then it would be your responsibility at a meeting to say here's our six items that are now over budget and they may be the same six items that were over budget last month but you need to be addressing it as you go. And again, it's that deal... you don't budget on a monthly basis. You budget on... so it's a matter of are you going to pull it into Excel and multiply times a certain percentage... time period that has expired or are you going to run it out of QuickBooks. Whatever you want Lindsey can definitely show DeeAnn how to do any of that. Again time and as long as you're comfortable with it and even with that, we'll tell people... We'd rather train you than... it's just not a lot of reason to spend the money with us if you've got someone who is... and I would say you're the majority of the way there. You obviously have a lot of the knowledge. There are places I would say hmmm no... not capable but

Hendrich – She should be able to get around the journal entries.

Bice – So we need to do as a group collectively is then... because I think your point is well taken Ernie. I agree with it and I think we ought to try, where we can, to have DeeAnn help us where we don't go over the line but I think just adding that load to her, we need to consider her hours.

Hendrich – Yeah.

Bice – But beyond that, I think it's a smart idea.

Mayor – One other thing... the checks and balances part of this is him...right?

Graham – If you put all of that... yeah... right... I mean overall the checks and balances is now with everybody to some degree and is exactly what you're doing.

Mayor – Yeah, I mean he's going to be the lead person and he alerts us.

Graham – If she's going to do everything, receipting, disbursing, reconciling, recording, everything, then yes you're going to have to pick a person and whether it's all invested in one person or if it's vested in a multitude of people.

Bice – I don't mind doing the budget stuff like I've been doing if you'll do the bank rec's.

Hendrich – With the bank rec's, I just have to get a little more involved.

Bice – Then I'll set this up

Graham – Can you have online access to your bank statements and bank activity?

Burwitz – I haven't... right now I don't have it.

Graham – Who do you bank with?

Burwitz – Commerce.

Graham – Oh, you can get it. Then you would have that... because again... you know depending on what you do with your life and outside of this city and how accessible you are to running here to do this... we tell people all the time that have the bank statement mailed directly to you before it comes here to be reconciled so that she wouldn't get it... because I have personally seen fraud where a person was being oh so kind running to the bank and picking up the bank statement... creating a new bank statement... and creating fraud that way so the bank statement you're reviewing is not the one from the bank.

Hendrich – She'd have to steam the envelope open

Graham – Well, she opened it... this gal opened it, reconciled it and gave it to you after it was reconciled so we say you should get it directly from the bank. You should... look at the signatures on the checks, look at the endorsements on the back,

Hendrich – She gives them to me unopened right now. I don't know how

Bice – And she's saying take that extra step and

Graham – Have them mailed to you instead of here.

Hendrich – Okay.

Graham – Then review it or get online access.

Hendrich – Or run by the bank and say hey tell me when they're ready.

Graham – Yeah, so you're the one picking them up.

Burkemper – They probably don't generate those statements here locally.

Jokisch-Messig – They're probably run at a headquarters.

Mayor – I know we have a budget problem but... and everything, but... and I think we're moving in the direction of a financial situation but I still would like to work towards a financial person because we need financial advice sometimes on where to put some monies for example these CD's that are coming up... there's one coming up in August and that's going... I think that's a general...a general... it's just for the regular fund... it isn't anything

Graham – The city's... the operating... and I would say you could end up spending your whole life doing city business but, you know, that's a matter of calling around for the most part where... you know you need to have your money insured, you're not going out to buy IBM stocks so there's limits on where you're going to go... It is a matter of calling... if you're going to put your money in CD's and it's a matter of calling and getting rates, which there's not a lot of significant difference at what rates you're going to get particularly right now, so you know in the past we've said we really need to manage this money and there probably isn't a half a percent difference... again the county can't place it anywhere where they can make even a half percent difference in the amount of money they're getting and I'm talking ten's of millions of dollars.

Mayor – Well we have \$20,000 that's going to be ready in August for general operating expense. Even though that would make up for a lot of the shortfall anyway, I wouldn't want to use it up in that way.

Graham – And that's where you need to consider

Mayor – I wouldn't like to see it that way and I'm sure the board wouldn't like to see it that way.

Hendrich – Sure, we could put it somewhere.

Graham – and that’s the same thing where a financial advisor’s going to be telling you well maybe you should be doing laddering... that’s not that much money but cities that have 100 to 200 thousand dollars should be laddering their money so this much comes due this month and the next month, and the next month, because as you need it each month... where as right now, to get the best rate, you’re going to go out and you’re going to put the whole thing in and put it away for a year and then, maybe and maybe not, maybe six months, maybe a year is too much and you’re afraid to go out any further than three months. That’s where a financial advisor can... I also think you have that knowledge here... you really do. So maybe for the short term use your internal knowledge and save money for a little while to be sure that everything... cause we just don’t know and again, as a conservative accountant but you know, are we over the worst part or are we not. Are the next six months going to be that much worse or should we put a little aside because maybe next year’s going to be even worse.

Bice – Double dip recession is what they’re talking.

Graham – As a conservative accountant, you not going to change

Mayor – Can we get back to my question from earlier; we got a little bit side tracked about our balance in the general fund? Every month has been right up at about the same amount and I was just

Graham – The majority of it... that’s where I was saying your \$13,000 loss right now... that 13,000 if you look at your... it’s your capital. So if you look at the balance, you’re just looking at the city one... the capital improvement cash was down that \$13,500.

Mayor – Well, why would it come out of there then?

Graham – Because your... I can’t say exactly but a big chunk of your... where’s my other schedule... remember that’s when we were going over those capital expenditures... you spent 10,000 to 11,000 on capital expenditures this year. So you’ve got... you’ll have to follow the bank statement through

Proveaux – 10,000 on capital expenditures?

Burkemper – Correct.

Graham – 10,400 on capital expenditures.

Mayor – Okay

Proveaux – But what were they for?

Graham – That was your police car and

Proveaux – That’s right...that’s right.

Mayor – But I guess what I’m trying to ask is the general operating fund has been pretty stable... you know, our general operating fund.

Graham – But when you look at the \$13,000 number... this 13 is a combined number; it’s not just your operating. If that carries all the way down, now

Bice – So at the end of the day, that is the number we have to take care of and I guess that is the point. We can quibble and talk about how we got there and all that but at the end of the day we have to get that number right. We have to get that number

Proveaux – Reduced.

Bice – Yeah, and that’s what I think we’re doing. And however we got there folks, I don’t care

Proveaux – But we got there.

Bice – we got there. We’re in the hole...

Jokisch-Messig – Bottom line

Bice – we’re in the hole and let’s just get out of the hole and I think we’ve come up with a plan on at least... so far, what to me looks somewhat promising that may not be as painful as I was thinking it could be. So there’s some numbers we could consider if everybody’s in agreement, we can put those out there and amend our budget and at least we’ve taken the first responsible step to do right and get ourselves

Jokisch-Messig – Solvent.

Bice – Right, and now what we’re doing henceforth is watch really tight you know, our budget and our spending and again we haven’t been too far off when you look at everything per say

Proveaux – Right...right.

Bice – We just have to stay on that track. What I was fearing is that we were going to have to do some severe and drastic cuts. I think we got to the same number in different ways and again unless the cell tower tax... unless that thing falls through then there’s a good chunk there that we’re going to get back at the end of the year. I feel pretty comfortable about that and other taxes... yeah, I think we’re going to have shortfalls there.

Mayor – Okay, you were talking about how conservative you are about things and we have these other funds; I just want to get this real clear. We do have some projects we wanted to do; can we use those funds without compromising

Graham – Here’s my conservative answer and it goes back to what I said before; one, yes you can use them; two, remember how we talked about if you did have a shortfall or if money was slow coming in... if real estate taxes were slow coming and you had to borrow? The cheapest place for you to borrow from, as a city, is from those other funds on a short term basis

Mayor – Sure but I mean there’s plenty of money in it... you know.

Graham – There’s money there, but I would say that stay conservative, maybe not spend it now, if you need to borrow... but if there is something that really needs to be done, or really, really wants to be done, you know... I wouldn’t go out there and say well we have \$4,000 in parks fund let’s go and spend or we can spend every dollar of it. I would be a little conservative... again \$4,000 isn’t going to make or break the city one way or another... it’s not

Proveaux – That was my

Bice – But go back to what you said earlier; the three criteria... repairs, operations and then capital. So again, we still have time and guys we’ve got a lot of potential projects out there but as tight as everything is right now, being the conservative alderman, I’m saying let’s hang on here a little bit before we potentially drift back

Graham – Politically, I’ve just seen it blow up for people where everything seems fine and even though people have spent well within their guidelines, that people can take actions and politically twist them to make it look really bad. Even though it was well within... I’ve just been amazed at what politics throws into everything. So I would say, cause I’m always going to give you a conservative answer, is I would be slow to spend the money. If you’re telling people you have to cut budgets and money is short, it’s probably not the best time to go spend capital.

Mayor – Well we have some very small projects. We have a... and this is to gain money for the city. It’s a drop box we want here for tickets... you know, and it’s only a \$500 - \$600 thing.

Proveaux – And that’s something we did

Mayor – I don't see that as an excessive expenditure.

Hendrich – We discussed it; we haven't approved it yet.

Graham – Yeah...

Mayor – I know we haven't approved it.

Graham – I can't tell you whether it's... you know, I mean

Mayor – (*inaudible*) conservative voice

Graham – Okay, I'll be your conservative voice; when I come back in December and you're \$500 short and I'm going to say well people paid tickets for thirty years out here without a drop box; could they still not have paid them. Let me just be the ornery person that goes you know... you moan and groan about not having money yet you spent \$500 on something that... did we really need it?

Bice – Or do we need it right at this moment? Folks, again, we've done without it for thirty years. What's wrong with another three months? Here's my suggestion and that is let's... here we're putting out ideas how to amend our budget. Let's get that done first. Let's then look at where we are financially and then say alright we're making some decisions on spending some money. I'm just not comfortable... I'll tell you right now if you put anything out on the table right now to spend money, I'm voting no. I'm just telling you that right now. Until I feel comfortable with it, this budget, and our expenditures, I don't feel comfortable. I feel better now and I think we're taking the right steps but I am not comfortable politically or financially doing otherwise. We just have to take a step back and say look... let's see where our amended budget puts us. See where we are at the end of July. That's it; to me it's that simple.

Hendrich – And you have to think about that because politically

Bice – You can get crucified.

Hendrich – constituents can come forward and request an audit (*inaudible*) and you, and me, and all of us sitting here, with the exception of her and him and her over there, are responsible. And I am not going to face

Mayor – I've been through it.

Hendrich – I don't care.

Bice – I don't want to

Jokisch-Messig – I don't want to be

Bice – So look

Hendrich – We're not going to spend another dime

Bice – Yeah

Hendrich – until such time that things look better.

Bice – We're just not there. I mean everything is a downward trend. For the first four months, things were a little shaky for me. It's been the last two month's where the net income at least and our to-budget... wow... that's where it really caught me. It's not been an upward trend and I don't know how you make up this difference. I would be comfortable after amending the budget and then seeing where we are that following month... where things stand and then we can make some logical, rational, reasoned decisions. Nobody's opposed to any of these things; it's just a timing issue

Jokisch-Messig – Timing issue.

Bice – and a funding issue.

Mayor – Okay, we're going to be... (*inaudible*) these issues that was brought up and using that as a altering of the budget?

Bice – Yeah, I can put out, unless you suggest otherwise, I can... and again, unless you guys are looking at other line items, we put the six line items out there

Proveaux – I don't see... I didn't see any others

Mayor – Well, they're so small that maybe every dollar could help kind of a situation but let's just put out a draft.

Bice – And I feel both financially as well as politically that's a good first step for us. We're at least taking a proactive, at least in my book, a proactive approach early in the game here to address this. Let's document it and then we'll do the budget amendment accordingly. Let's see where we go the next month after that and then again we can make some reasoned decisions.

Mayor – Do you think we can have that ready for the next meeting?

Bice – I can put... I can get this summarized. Maybe I can get some help from you... never mind I don't want to get charged for your time. I can do it.

Graham – Well, again

Bice – I can do it.

Graham – I think you guys have the knowledge. I think this is just sending a message that you're doing your fiduciary duty to watch your dollars and I think that's the message that everybody, in being responsible, should probably send right now. In the end are you ultimately going to be able to spend the money and do this? You probably are... you're probably going to be fine. You just... that fiduciary duty rests in this room.

Bice – It's just new to us for not having a financial person helping us along the way.

Graham – Yeah, and probably leading that

Bice – I didn't realize using it too much as a crutch like that but whatever... it has at least put us in the forefront with looking at our numbers and that, I think, is a good exercise.

Graham – From that perspective, I wish every city would do this all the time. So it's nice... I mean it's bad what got us... every city to this stage is making everybody be more practical. It used to be that everybody could go down their financial statement... that's great so what else do we have to talk about tonight. You know, nobody cared, the money was always there, you could spend it, you could do it, you never had to worry about it, and nobody ever worried about it, so nobody paid any attention to that. The auditor in me was like that responsibility was still there when all the money was there but nobody paid attention to it.

Bice – Putting all the red numbers in there on my spreadsheet... I was making my Excel spreadsheet and I'm like... it's getting ugly here. I was doing it in color and my colors were red and I

Graham – Boy, you're an accountant deep at heart... coding your

Bice – Yeah, I know, isn't it

Jokisch-Messig – I hate to see red numbers so I usually just use parentheses or a minus.

Bice – Thank you so much for your input.

Graham – Sure, I'm happy to come out. And again, if you want me to the very next time because Lindsey has already been here for this month... so if you want we can definitely get started on that right away.

Hendrich – Yeah, work on those journal entries with DeeAnn.

Mayor – Yeah, we've got to save money and... so we can work our way towards a financial person but we have to work our way towards it.

Graham – Yeah, even if it's just a piece like maybe she won't be ready to do all of it or hasn't juggled the time situation...you know, but maybe she'll start with the bank rec's or

show her one month and the next month you'll try it on your own and then if you have problems, you can always call or however you want to do it. I think that's a good place to take it from.

Mayor – Well, for the next few months, we'll just have to

Graham – I say that as I'm adding more work to you...

Burwitz – As long as my hours are adjusted

Bice – Like I said, let's get it amended and then see how we perform that following month and then from there I think then we're doing all the things right to make a decision. What we need to do... my suggestion is all the things... I know you have a couple things out there... the drop box, the flag pole, we need to prioritize then show based on dollars, as well as need, what we want to do next and we need to get that all out on the table. Kind of our wish list then right... that we talked about

Proveaux – The camera for the room in there... that has to be done.

Bice – Well, that's what I'm getting at.

Proveaux – That's not even a... that's not even

Mayor – Oh, that's a question I had. What about the car... that had a camera. Can you use that camera?

Burkemper – That would be seriously rigged to do that. Basically you're taking a camera that's designed to run off a dc current in a car and put it in a house.

Mayor – Well, they have transformers for that.

Burkemper – I understand that. I mean it's...

Mayor – I mean it could be an economic way and you could do it.

Burkemper – Ah, you could... it would be

Bice – I might get this summarized and then have you take a look at it.

Multiple conversations occurring at the same time... unable to accurately record or distinguish between them.

Graham – Well, I'm going off the clock here.

Bice – Okay, thank you.

Graham – Alright, seriously, if you have any questions, whatever we can do for you, okay guys.

Mayor – Okay, thank you. I just wanted to say that, compared to last year, you spent less.

Burkemper – We're trying hard.

Mayor – I got it down here... you spent \$12,000 less.

Burkemper – We're trying hard. There's been some cases where it's not been easy.

Mayor – Of course you had \$17,000 less income... but you saved

Bice – Keep in mind the other side bar here is while we don't have the lease payment on the expense side, what we did at lease commit to on selling the vehicle, those monies we talked about giving to salary adjustments. Right? So keep that thought in mind too when we're doing out commitments... that hasn't happened yet I know

Burkemper – We don't even know what that money's going to be.

Bice – Right.

Proveaux – Right.

Burkemper – For the purposes of those

Mayor – I was looking at last year's budget on the police and your regular officers was down as far as dollars go but your part time was up. Was that because of the adjustment you had earlier in the year that you were trying to fill a position and stuff like that?

Burkemper – Correct. Well, we lost a position and we filled it with a position that’s making less money. So that’s responsible for most of the less on the full time. Then you’re absolutely correct that the overage on the part time is due to that time span where we didn’t have that full timer... we were using part time hours.

Mayor – I figured.

Burkemper – Which I guess we could have taken it out of full time and everything would have looked nicer on paper but

Mayor – I just wanted everybody to

Burkemper – That’s how that all worked out.

Bice – So what I’ll try to do for the group, I’ll try to do a minutes’ summary. I mean, I know you... typically you do those but I’ll try to summarize everything and then put it in an email along with the line item issues and all that.

Burkemper – What you could do is take your Excel... I mean all that is is an Excel spreadsheet.

Bice – Exactly.

Burkemper – Type in the numbers and put the word proposed on top of it and that takes all that verbiage and just

Mayor – It that the only spreadsheet you can use is Excel? Because I can’t open that for anything.

Bice – Well, the problem is the updated version. You’re... I don’t think you’re able to open my docx or Excelx... you’re... that’s a version

Mayor – Well, I have an Apple which is

Bice – Yeah, but I can still open mine or I can still open those. It’s just a matter of the updated version on that. It’s a software update

Mayor – I’ll just get it printed out here. Okay, we talked about the budget amendments already. Okay, we have to... we have to

Proveaux – Adjourn.

Jokisch-Messig – Adjourn.

Mayor – I’ll entertain an adjournment here.

Adjournment:

On motion of Alderman Jokisch-Messig, second by Alderman Proveaux, the Aldermen voted 4 “Aye” to adjourn the work session and move into special meeting at 8:50 p.m.

Respectfully Submitted,

Accepted,

DeeAnn Burwitz, City Clerk

Ernest Arteaga, Mayor