

**BUDGET MESSAGE TO
THE HONORABLE MAYOR AND BOARD OF ALDERMAN
City of Bel-Ridge
Bel-Ridge, MO**

Mayor and Board of Alderman:

Submitted for your consideration is the Annual Budget for the City of Bel-Ridge for the Fiscal Year 2021. This transmittal letter is intended to provide a general summary of the overall financial condition of the City. This budget is prepared in accordance with requirements of Missouri Revised Statutes. The annual operating budget reflects the City's operating goals in the next fiscal year.

Budget Philosophy

The annual budget document for the City of Bel-Ridge acts as the City's most important financial tool to establish goals for the upcoming fiscal year. It serves as a guide for the City staff as they carry out initiatives set forth by the Board of Alderman each year, providing a baseline for monitoring and controlling spending. The City reviews current financial conditions on an ongoing basis and anticipates how projected revenues and expenditures in the budget will affect the City's overall financial position. City departments will be vigilant during the course of the fiscal year to maximize our revenues and to ensure funds are being spent in the most efficient way possible.

It is also important to recognize the budget is a tool used by the elected officials of the City. It offers a view of a single year of revenues and expenditures and therefore cannot be used to determine the overall financial health of the City. Although it is extremely valuable in the planning process, by its nature, it is unable to account for unforeseen occurrences and related expenses that may occur each year. Likewise, as the City calls for the maximization of revenues and efficient use of resources, this document can only provide direction and assumptions based on past experiences and professional estimates. Therefore, a more accurate account of the City's financial well-being lies in how the City manages its financial situation from fiscal year to fiscal year and is able to adjust when occurrences inside or outside of the organization call for change.

The budget is presented in a number of sections. A fund summary section contains an overview of anticipated revenues and expenditures for each fund and the City as a whole. Each fund is then presented in detail including the General fund with departmental detail.

Factors impacting FY 2021 Budgeting – Budget Overview

There are many factors impacting the preparation of the FY 2021 budget. Most prominent are the findings from the Missouri State Audit report issued in September 2020. In addition, preparation of the FY 2021 budget required a deep analysis of all sources and uses of funds as past year actuals resulted in year over year general fund budget deficits.

As clearly stated in the State of Missouri Audit report, and verified by review of the City's sources and use of funds, the City is facing serious financial difficulties. The seriousness of the financial difficulties is due to many years of poor fiscal management, year over year general fund expenditures exceeding revenue, imperfect budget preparation, comingling of revenue sources, and negative financial consequences from an inactive TIF. As a result, this has led to; significant deficit positions in the city's General Fund and TIF Fund; inaccurate and unreliable budget data; and imbalanced restricted fund balances. These factors uniquely influenced the preparation of the FY 2021 budget.

Managing through the serious financial landmines, while trying to reestablish financial stability in the City, has proven to be very difficult. The Mayor and Board of Alderman recognize that financial sustainability is only achieved through detailed planning and balancing present conditions with future needs and opportunities. As such, the FY 2021 budget has been a work in progress as the Mayor and Board of Alderman have diligently searched for ways to reduce annual expenses, while striving to provide high quality services to the residents of Bel-Ridge and meet future obligations.

The results of their financial analysis have generated a FY 2021 budget that recognizes their long-term financial issues while addressing their immediate need of balancing their annual budget. The following information provides a synopsis of the FY 2021 budget.

Across all funds, in FY 2021, General Fund revenues are budgeted at \$1,693,100.00 and General Fund expenditures are budgeted at \$1,689,363.00 compared to budgeted revenues of \$1,637,323.00 and budgeted expenditures of \$1,634,374.00 in 2020. General Fund revenue in 2021 was largely unchanged as compared with past years except for onetime Federal Cares Act grant monies that were received in FY 2020 and FY 2021.

Although the 2020 annual budget projected a surplus it is important to note, as stated above, that actual year end results for 2020, as well as previous years, showed significant general fund deficits.

Moreover, for FY 2021, dedicated/restricted fund revenues and expenses have been appropriately established and separated from the general fund. As such, the city has seven (7) total funds. In addition to the General Fund, the city has funds for Capital Improvements/Sewer Lateral, Park, TIF, Storm Water, Public Safety, and Police Training.

2021 Budget Highlights

To achieve a balanced 2021 budget, a close examination of city operations and the way that municipal services are being delivered to the residents and businesses was required. During the budget review process, it was clear that the expense of providing current operations outpaced available annual revenue. As previously stated, this created year over year deficit spending that, in years past, significantly contributed to the financial difficulties the city is now facing.

As a result, it was necessary that the elected officials take action to rectify the problems. Focusing on providing quality municipal services to the residents and businesses, the following mitigating steps were taken for 2021.

- Police services. For FY 2021, a combination of in-house police services and/or contracted police services have been budgeted. Ample funds have been allocated to provide professional police services that will provide reliable, cost effective and dependable police services for the entire city. This action will have the following positive results for the City:
 - 24/7/365 professional police services will be provided by an accredited agency focused on community policing.
 - Annual police expenses that are refocused on providing quality police services that our residents and businesses expect.
 - Concentrated police expenses will allow for a balanced city budget, a state requirement.
 - Focused expenses will free up needed revenue to address city infrastructure needs and assist the city in obtaining financial stability in future years.
- Implementation of a five (5) year Capital Improvement Plan (CIP) that will focus on badly needed street and infrastructure improvements.
- Partnership with 24/1 for economic development and revision to the city's comprehensive plan.
- Demolition of unsafe/abandoned homes that negatively impact property values.
- Development of a new community park directly behind city hall using St Louis County Parks grant funds and dedicated park funds.
- Expected resolution of an inactive Tax Increment Financing (TIF) district that triggered financial issues for the city.

Financial Condition Summary

Please note, the city's financial woes are very serious. All actions taken in 2021 and beyond are necessary in order to protect the city from insolvency and/or having to take drastic steps that would significantly impact municipal services. Ongoing and timely action will be very important.

The current financial difficulties did not occur overnight, they have occurred over many years. There is no short term/immediate fix to the issues. Repairing the financial condition of the city will take many years and it will require financial due diligence on the part of the elected officials and staff to be successful. As such, it is important to be mindful that the anticipated current general fund deficit (\$1.0 million) is approximately 65% of annual general fund revenue. Moreover, the anticipated TIF liability (TBD), until resolved, will continue to weigh heavily on the overall financial stability of the city.

Moving forward, city officials must continue to look towards the future and constantly monitor the financial environment that can impact the city. It should be anticipated in the years ahead that the city will struggle with lowered utility rates, downward pressure on sales tax due to internet sales, and stagnant growth of property taxes. Moreover, costs to do business, e.g., personnel costs, insurance costs, and inflation continue to increase year-to-year. A long-term plan for financial recovery and prosperity should be developed to help offset the current financial environment facing the city.

Given the lack of reliable financial data from past years, the 2021 budget, as presented, is a guide to the anticipated revenue and expenditures of the city for a single year. Ongoing, and close, analysis of revenue and expenditures of the 2021 budget is required and will help determine future annual budgets. It should be expected that annual budget provisions/amendments will need to be made throughout the year as more data becomes available.

Acknowledgements

Budget development is a huge undertaking for city staff, Mayor, and Board Members. In 2021 this was especially true given the impact of the Missouri State Audit Report and the realization of the City's overall financial condition. Therefore, a special thanks to city staff, outside consultants and Board of Alderman for their help during this process, especially as changes were explored, monitored and last-minute adjustments were made. This is notwithstanding the time and effort that goes into the process by the Board of Alderman and members of the public that provided their input in helping to resolve these serious financial matters.

Respectfully Submitted,

Mayor/Budget Officer Willie Fair

City of Bel-Ridge, Missouri
Fiscal Year 2021 Operating Budget
Combining Statements of Revenue, Expenditures and Changes in Fund Balance
All Funds

	General Fund	Capital Improvement/ Sewer Lateral Fund	Park Fund	TIF Fund	Storm Water Fund	Public Safety Fund	Officer Training Fund	Total
REVENUES								
Taxes	\$ 812,500	\$ 198,000	\$ 183,000	\$ 335,000	\$ 75,500	\$ 162,000	\$ -	\$ 1,766,000
Charges for services	55,200	-	-	-	-	-	-	55,200
Fines and court costs	135,000	-	-	-	-	-	-	135,000
Licenses and permits	332,600	-	-	-	-	-	10,000	332,600
Grants	147,200	-	315,000	-	-	-	-	462,200
Investment income	2,400	-	-	-	-	-	-	2,400
Miscellaneous	7,500	-	-	-	-	-	-	7,500
TOTAL REVENUES	1,492,400	198,000	498,000	335,000	75,500	162,000	10,000	2,770,900
EXPENDITURES								
Current:								
Boards and commissions	20,695	-	-	-	-	-	-	20,695
Administration	270,965	-	-	70,800	-	-	-	341,765
Municipal court	121,084	-	-	-	-	-	-	121,084
Parks	-	-	107,279	-	-	-	-	107,279
Police	927,590	-	-	-	-	-	10,000	937,590
Public works	213,879	-	-	-	-	-	-	213,879
Storm water	-	-	-	264,200	55,015	-	-	319,215
Nondepartmental	135,150	119,500	337,000	-	-	-	-	591,650
Capital Outlay	-	54,700	-	-	-	-	-	54,700
Debt Service	-	174,200	-	-	-	-	-	174,200
TOTAL EXPENDITURES	1,689,363	348,700	444,279	335,000	55,015	-	10,000	2,707,857
REVENUES OVER EXPENDITURES	(196,963)	23,800	53,721	-	20,485	162,000	-	63,043
OTHER FINANCING SOURCES (USES)								
Transfers in	198,200	-	-	-	-	-	-	198,200
Transfers out	-	-	(36,200)	-	-	(162,000)	-	(198,200)
Sale of assets	2,500	-	-	-	-	-	-	2,500
TOTAL OTHER SOURCES (USES)	200,700	-	(36,200)	-	-	(162,000)	-	2,500
NET CHANGE IN FUND BALANCE	3,737	23,800	17,521	-	20,485	-	-	65,543
FUND BALANCE (DEFICIT) - BEGINNING OF YEAR	(1,180,292)	-	721,548	1,555,767	206,380	-	(30,468)	1,356,268
FUND BALANCE (DEFICIT) - END OF YEAR	(1,176,555)	23,800	739,069	1,555,767	226,865	-	(30,468)	1,338,478
FUND BALANCE (DEFICIT) - Per 2018 Audited FS	(728,369)	83,333	520,330	1,027,202	131,751	6,182	(30,865)	(30,865)
Revenues over expenses - 2019	(205,284)	-	89,748	124,252	32,799	-	(373)	(373)
Revenues over expenses - 2020	(383,586)	-	111,470	404,313	41,830	130,785	770	770
Assume transfer of public safety fund to GF	136,967	-	-	-	-	(136,967)	-	-
TOTAL END OF 2020	(1,180,292)	83,333	721,548	1,555,767	206,380	-	(30,468)	1,356,268

BILL NO. 1418

ORDINANCE NO. 2021-6

AN ORDINANCE ADOPTING AN ANNUAL BUDGET FOR FISCAL YEAR 2021 COMMENCING ON JUNE 1, 2021 AND APPROPRIATING FUNDS PURSUANT THERETO.

WHEREAS, Staff has presented to the Board of Aldermen an annual budget for the Fiscal Year 2021 commencing on June 1, 2021;

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF ALDERMEN OF THE CITY OF BEL-RIDGE, MISSOURI, AS FOLLOWS:

Section 1. The annual budget for the City of Bel-Ridge, Missouri, for the Fiscal Year 2021 commencing on June 1, 2021, a copy of which is attached hereto and made a part hereof as fully set forth herein is hereby adopted.

Section 2. Funds are hereby appropriated for the objects and purposes of expenditures set forth in said budget.

Section 3. This ordinance shall be in full force and effect from and after its passage by the Board of Aldermen.

PASSED BY THE BOARD OF ALDERMEN FOR THE CITY OF BEL-RIDGE, MISSOURI THIS _____ DAY OF _____ 2021.

Presiding Officer

Attest:

Andrea Jones, City Clerk

APPROVED BY THE MAYOR THIS 4th DAY OF May 2021.

X Willie Fair
Willie Fair, Mayor

Attest:

Andrea Jones
Andrea Jones, City Clerk

