

City of Aurora Missouri

FY 2021 Annual Budget

State Statutes

RSMo 67.010 - Political subdivisions to prepare annual budget

- The annual budget shall present a complete financial plan for the ensuing budget year

77.105. Budget and expenditures, approval by ordinance, motion, or resolution required. — The budget or any authorization to expend funds shall be approved by an ordinance, motion, or resolution that is approved by a majority of all the members elected to the governing body.



Annual Budget is required



Budget must be balanced for each fund



Budget Officer

Prepares & Submits budget for consideration

Passed by legislation – Ordinance



Budget adopted by governing body (City Council, Board of Alderman, Etc.) prior to beginning of fiscal year

Missouri Statutory Requirements

Additional Requirements

- Expenditures Authorized by Budget
 - Appropriations
 - Intent to expend funds
- Increase to budget requires amendment
 - Ordinance
 - year end or during the year
- Budget Message - from Budget Officer
 - No set format
 - Discussion of Revenues and Expenditures: Major Changes, Significant expenditures, Significant Purchases/Projects, debt information, Staff changes, etc.

Balanced Budgets

What is a balanced budget?



Expenditures ↓ “Less Than” OR = “Equal To”



Projected Revenues + Available Reserves (savings/cash reserves)

Deficits

Expenditures > Revenues

You can have a balanced budget and a deficit.

How?

Expenditures are greater than Revenue.

BUT....

A budget is still acceptable when a City is using -

Projected Revenues + Available Reserves (savings/cash reserves) to cover Expenditures for the year.

Expenditures = Projected Revenues + Available Reserves



Reserves

- What: Resources (cash) available to the organization from previous budget years.
- Where:
 - Excess revenues due to under projected revenues
or;
 - Excess resources from: underspending the budget (over projected expenditures)
- The organization should keep sufficient Reserves
- Why?
 - The organization needs to continue to conduct business in the event of:
 - Major Disruption
 - Major Economic Downturn
 - Major unforeseen expenditures – Ex: Large Equipment breakdown
 - Eliminates ebb and flow of our services and timely replacement of equipment, fleet, etc.

	FY 2021 Salaries	FY 2021 Operations	Rec Reserves-3 Mo.	Rec Reserves-4 Mo.	Rec Reserves- 6 Mo.	Audited Current Reserve*	Proj Surplus/(Cash Reserve Used)	Projected Ending FY 2021 Reserve
General Fund								
Admin	\$ 184,159	\$ 52,550						
Council	\$ -	\$ 107,750						
Facilities	\$ 15,217	\$ 33,800						
Planning	\$ 152,808	\$ 61,400						
Finance	\$ 203,323	\$ 28,300						
Police	\$ 1,201,365	\$ 139,925						
Fire	\$ 449,561	\$ 78,450						
E-911	\$ 286,418	\$ -						
<i>* 2019 Audit</i>								
Court	\$ 67,183	\$ 17,150	Rec Reserves-3 Mo.	Rec Reserves-4 Mo.	Rec Reserves- 6 Mo.	Audited Current Reserve*	Proj Surplus/(Cash Reserve Used)	Projected Ending FY 2021 Reserve
Cemetery	\$ 92,377	\$ 20,300						
Total	\$ 2,652,411	\$ 539,625	\$ 798,009	\$ 1,064,012	\$ 1,596,018	\$ 1,913,486	\$ (122,376)	\$ 1,791,110
			224%	168%	112%			
Transportation Fund								
Street	\$ 543,893	\$ 234,086	Rec Reserves-3 Mo.	Rec Reserves-4 Mo.	Rec Reserves- 6 Mo.	Audited Current Reserve*	Proj Surplus/(Cash Reserve Used)	Projected Ending FY 2021 Reserve
Airport		\$ 6,894						
Total	\$ 543,893	\$ 240,980	\$ 196,218	\$ 261,624	\$ 392,437	\$ 713,764	\$ (82,202)	\$ 631,562
			322%	241%	161%			
				\$ 369,938				
Wastewater Fund								
			Rec Reserves-3 Mo.	Rec Reserves-4 Mo.	Rec Reserves- 6 Mo.	Audited Current Reserve*	Proj Surplus/(Cash Reserve Used)	Projected Ending FY 2021 Reserve
Wasterwater	\$ 282,106	\$ 920,240						
Total	\$ 282,106	\$ 920,240	\$ 300,587	\$ 400,782	\$ 601,173	\$ 2,330,731	\$ 50,155	\$ 2,380,886
			792%	594%	396%			
Capital Improvement-PFF								
Administration	\$ -	\$ 342,048						
Police	\$ 12,991	\$ 130,989						
Fire	\$ -	\$ 20,235						
Total	\$ 12,991	\$ 493,272						
			319%	240%	160%			
Park/Stormwater								
Park Maintenance	\$ 225,122	\$ 80,640						
Recreation		\$ 13,500						
Swimming Pool	\$ 43,806	\$ 31,543						
Operations		\$ 18,750						
Stormwater		\$ 177,468	Rec Reserves-3 Mo.	Rec Reserves-4 Mo.	Rec Reserves- 6 Mo.	Audited Current Reserve*	Proj Surplus/(Cash Reserve Used)	Projected Ending FY 2021 Reserve
Total	\$ 268,928	\$ 321,901	\$ 147,707	\$ 196,943	\$ 295,415	\$ 556,541	\$ (25,028)	\$ 531,513
			360%	270%	180%			

Reserves

- How Much?
 - Council Discretion
 - 3-4 Months is adequate
 - GFOA, GASB, Decker and Degood (City Auditor)
- Current Cash Reserves:
 - General Fund – 14% Above 6 Mo Reserve
 - Expenditure to 4 Mo Reserve - \$750K
 - Transportation Fund – 61% Above 6 Mo Reserve
 - Expenditure to 4 Mo Reserve - \$370K
 - Park/Stormwater Fund – 80% Above 6 Mo Reserve
 - Expenditure to 4 Mo Reserve - \$379K
- ~~Concern: Appearance that we are “hoarding” cash~~
 - Concern expressed by Marshall Decker – City Auditor

Monitor and Maintain:

1. Continue to use reserves appropriately to complete positive projects in the community
2. Monitor reserves
3. Maintain an adequate and responsible level of reserves

Areas of Concern Presented at Budget Work- session:

1. Employee Compensation

- Current Compensation – comparability?
- Missouri Minimum Wage Law – Impact on our operations
- Options for 2021?
 - Adjustment of the City of Aurora Position Classification Pay Plan
 - COLA Wage Increases

2. City Fees

3. Future Capital Improvement Projects

FY 2020 Budget:

By the Numbers

Revenues

Overall Outlook

→ Conservative Estimates

→ Need a discussion of a few fees that have not been changed since the 80's & 90's or longer.

- Building permits
- Business Licenses
- Cemetery Fees
- Comparisons to other Municipalities

→ Sales Tax Numbers are "Unique" this year. Unexpectedly higher given what is happening (COVID19) – Currently: General Fund - \$100K higher than last year

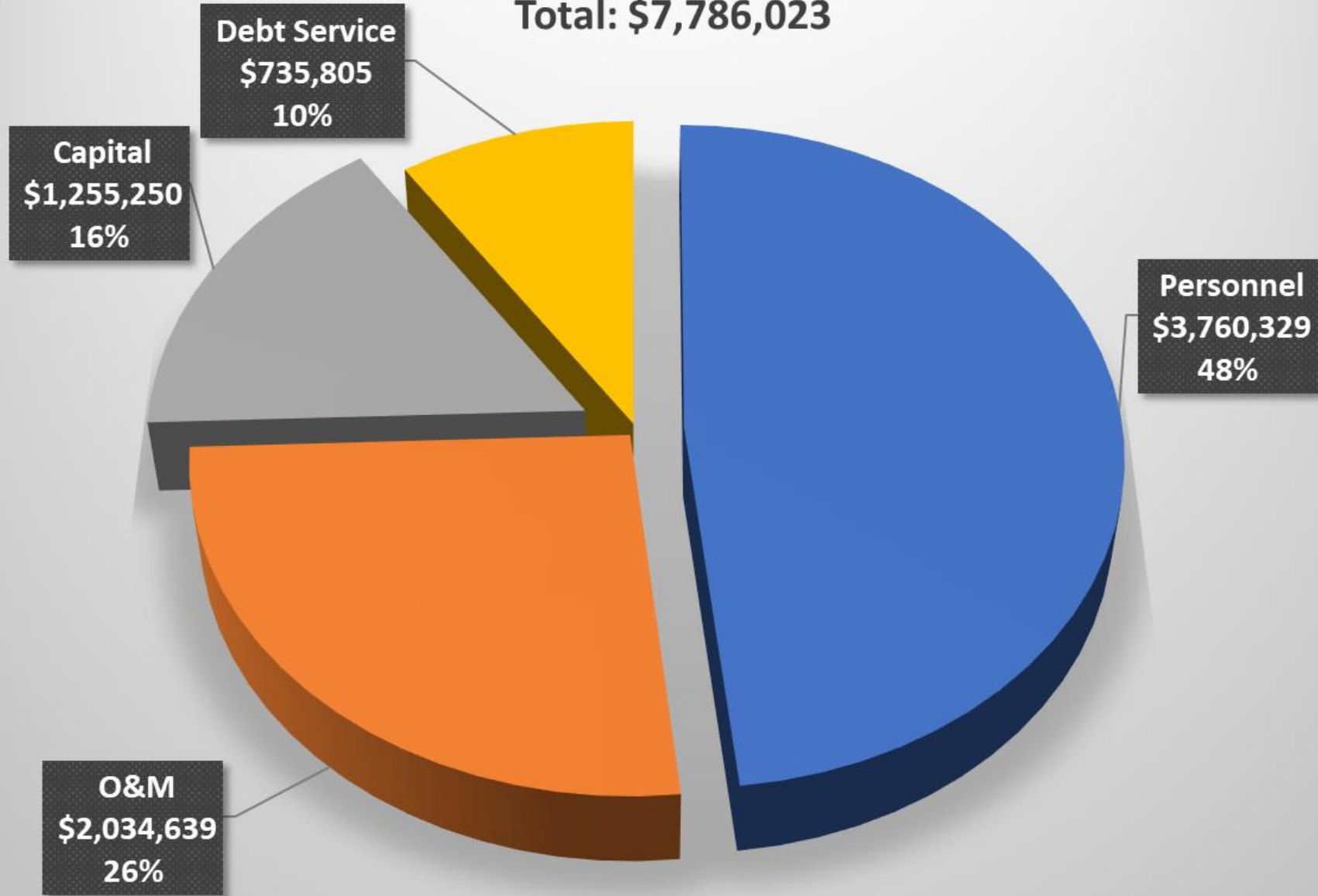
→ Will this continue? Depends on what the actions are taken at the Federal Level

→ Projecting a 3.5% Increase Why: New Businesses, changes in local retail operations, Internet Sales Tax – Wayfair Decision

→ Most Other Revenue Flat – Out of our control

Property Tax Change added in this year – This will come back to the Council next August for consideration – If lowered, that will be reflected in next years budget.

**City of Aurora
2021 Budget by Cost Center
Total: \$7,786,023**



Fund Accounting

- City Operations (Revenue/Expenditures) are divided into funds
 - Statutorily required
 - No mingling of funds or resources*
 - Each Fund has a source of revenue dedicated to specific operational purposes
 - Example: Transportation fund is funded by a ½ cent sales tax and is used for operational expenses related to transportation as stipulated/defined by MO State Statute
 - **Exception** - General Fund Revenues can be used for any city expense

Fund Accounting – COA Funds

General Fund

- Administration
- Council
- Finance
- Police
- Fire
- E911
- Planning and Zoning
- Municipal Court
- Cemetery
- Facilities

Transportation Fund

- Street Dept
- Airport

Park Fund

- Park Maintenance
- Recreation
- Swimming Pool
- Operations
- Stormwater

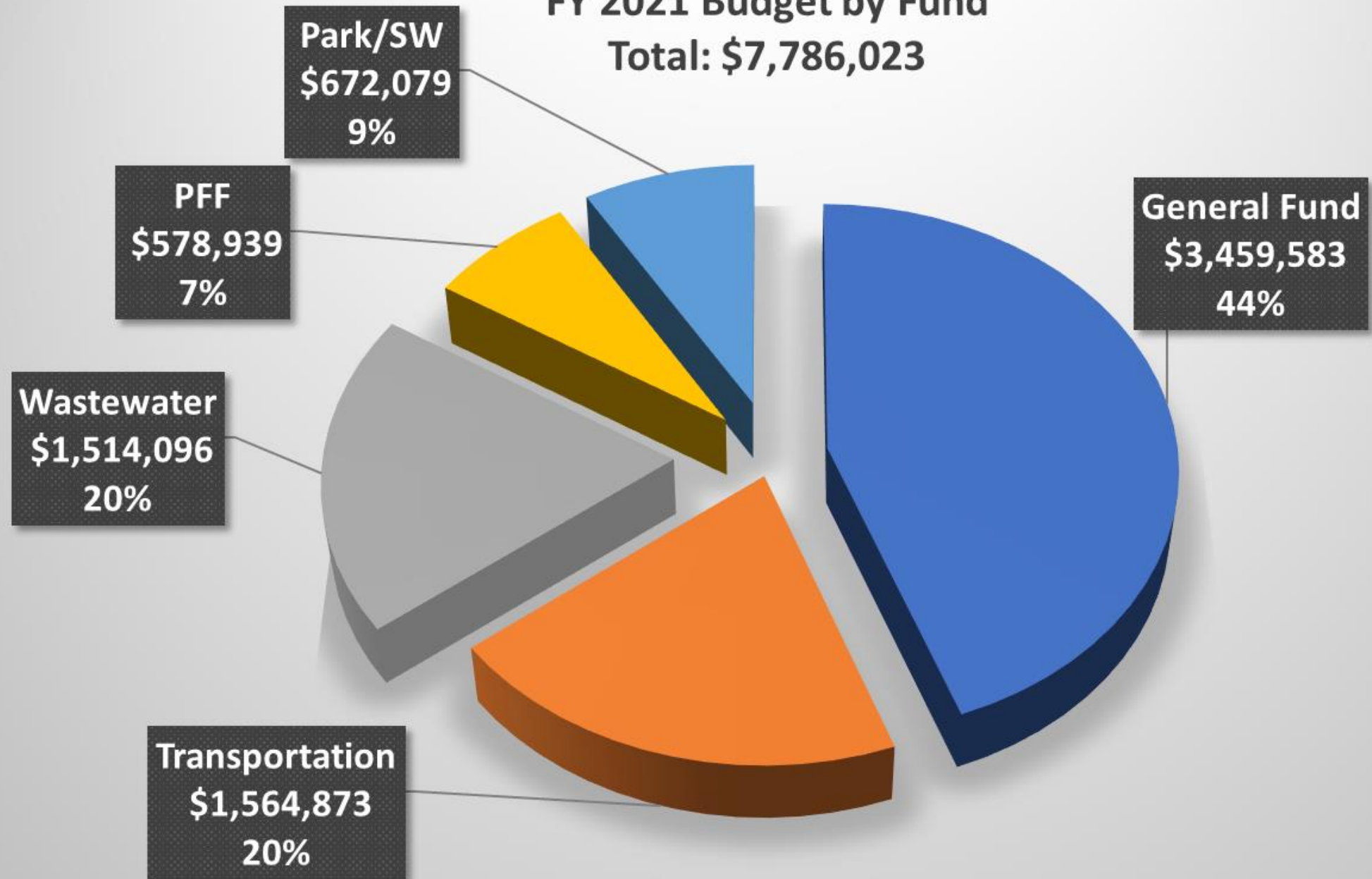
Wastewater Fund

- Wastewater Operations

Capital Improvement Fund – PFF Fund

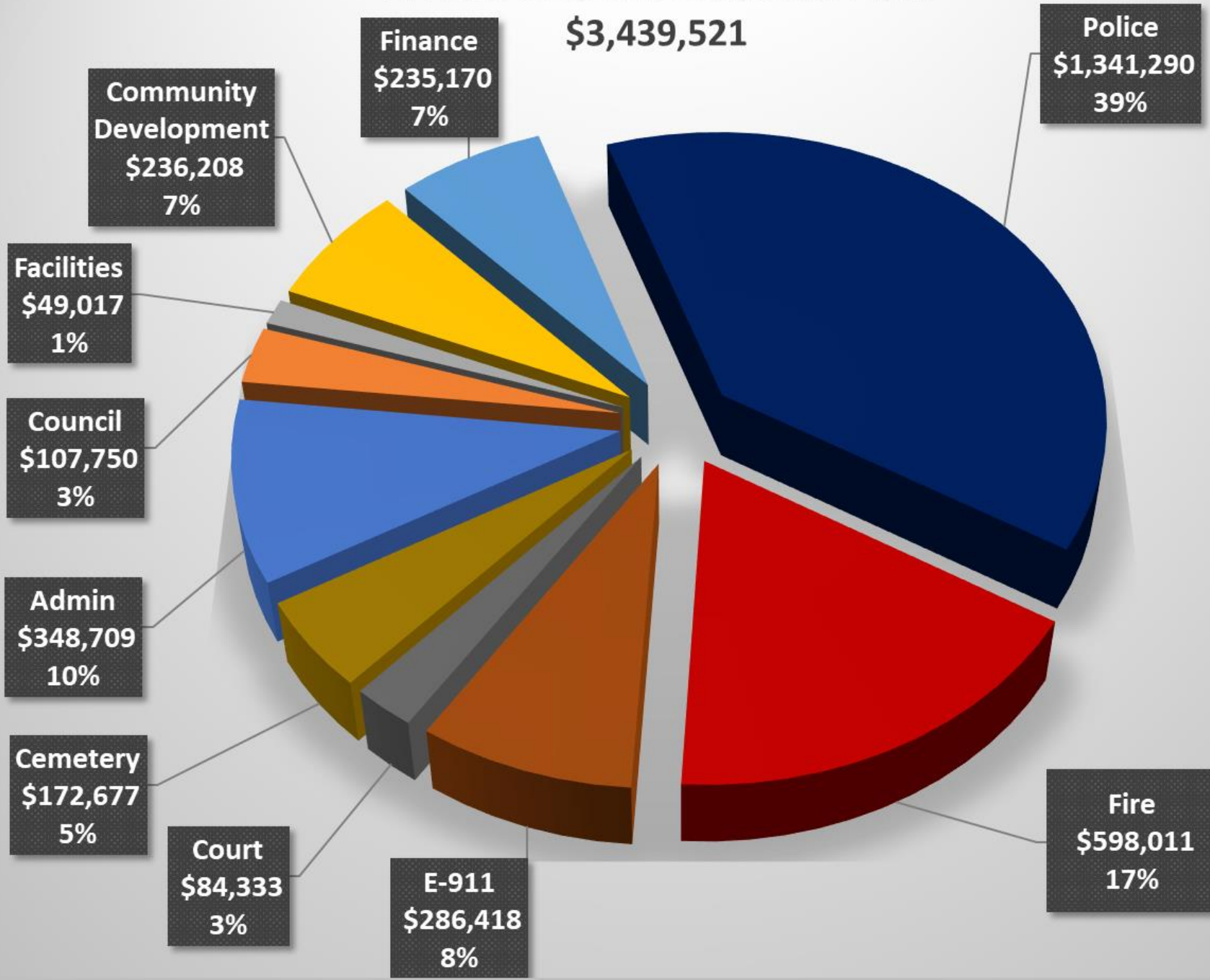
- Administration
- Police
- Fire

City of Aurora
FY 2021 Budget by Fund
Total: \$7,786,023



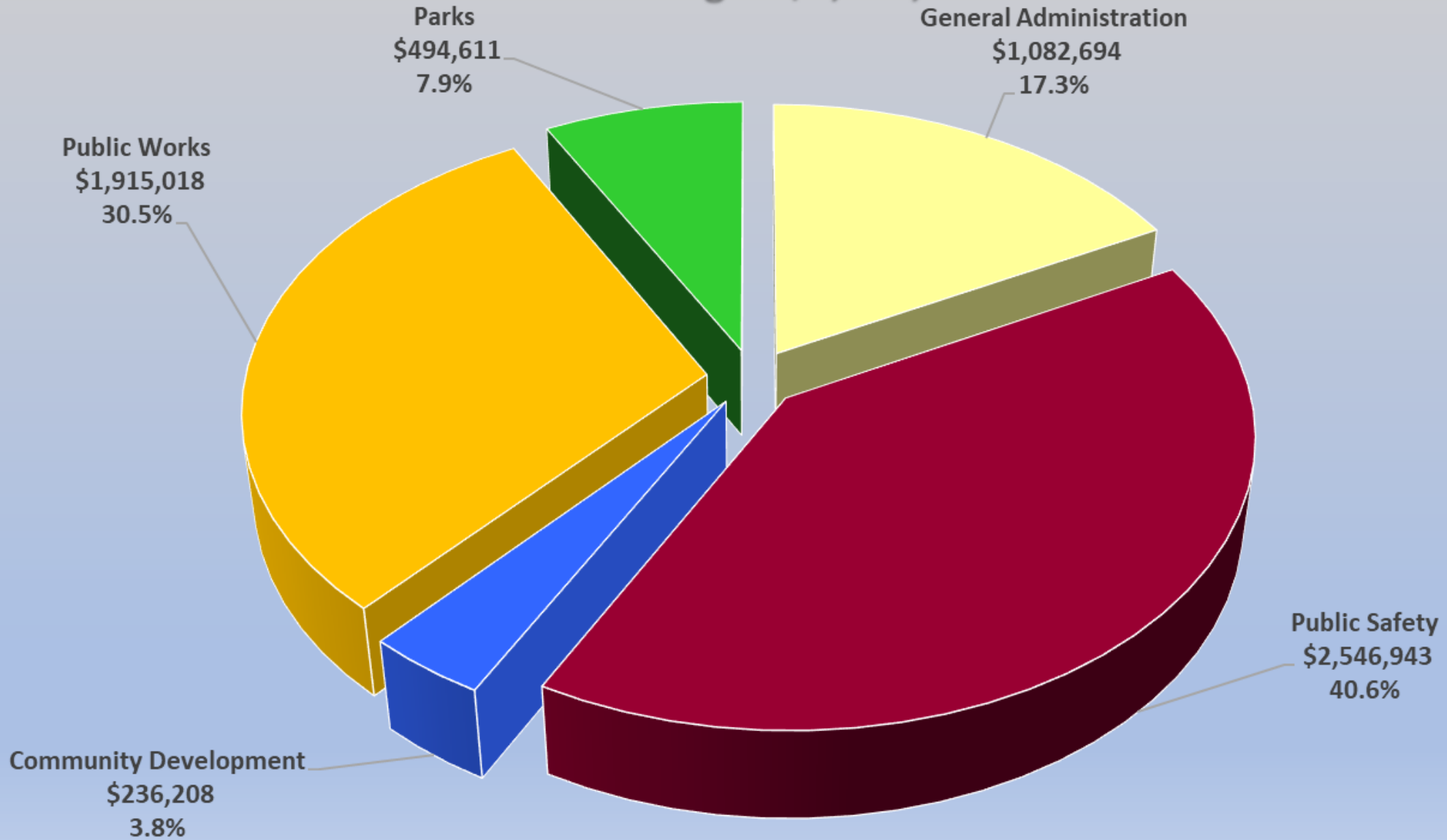
FY 2021 GENERAL FUND EXPENSE

\$3,439,521



FY 2021 Budget By Service Type

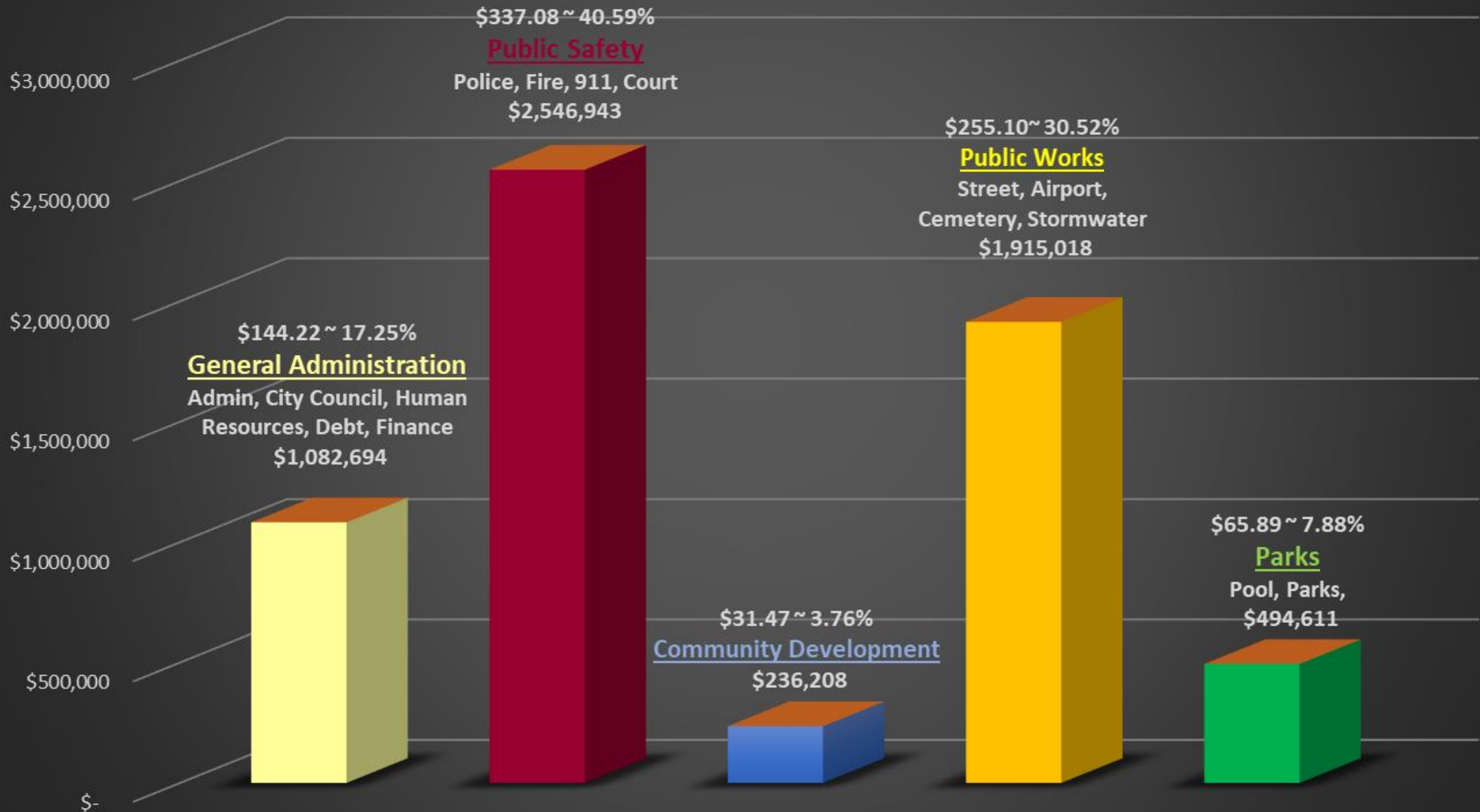
FY 2020 Budget: \$6,275,474*



*Wastewater Fund not included

FY 2021 Budget By Service Type

Total Per Capita Spending=\$835.95



2020 Budget Highlights

General Fund Projects

- **Admin**
 - City Limit Entrance Signs - \$15,000 – Rebudget
 - Comprehensive Plan Revision - \$22,000
 - Downtown Event Pavilion - \$75,000
- **Planning & Zoning**
 - Replacement of Code Enforcement Vehicle - \$22,000
- **Fire Dept.**
 - Replacement of Brush Truck - \$70,000
- **Cemetery**
 - Paving Project - \$30,000
 - Information Kiosks - \$10,000
 - Fencing - \$20,000

General Fund

- **Capital Projects Planned:**
 - \$264,000
- **Cash Reserve Required:**
 - (\$122,376)
- **General Fund Projected Cash Reserve Remaining:**
 - \$1,791,110
 - 68% above 4 month Min.
 - 12% above 6 month Min.

2020 Budget Highlights

Transportation Fund Projects

- **Street Dept.**
 - Street Repaving Projects - \$175,000
 - Dump Truck - Replacement - \$85,000
 - **Airport**
 - T-Hangars Construction
 - City Match - \$46,242*
 - Federal Grant - \$473,758
- Total \$520,000

*COVID19 funding

Capital Projects Planned:

- \$865,000
 - \$260,000 – Streets
 - \$520,000 – Airport
 - \$46,242 – City Match*
 - \$473,758 – Federal Grants
- **Cash Reserve Required:**
 - (\$82,202)
- **Transportation Fund Projected Cash Reserve Remaining:**
 - \$631,562
 - 241% above 4-month Min.
 - 61% above 6-month Min.

2020 Budget Highlights

- **Park Fund Capital Projects**

- Park Maintenance Budget - None
- Outdoor Fitness Equip - \$4,000 (Park Board) – Rebudget
- Outdoor Fitness Equip - \$7,000 (Park Board)
- Decorative Fencing - \$10,000 (Park Board) - Rebudget
- Park Benches - \$1,000 (Park Board) - Rebudget
- Dog Park - \$15,000 (Park Board)
- Paving – Baldwin Park - \$20,000 (Park Board)
- Pending Projects - \$24,250 (Park Board)

- **Capital Projects Planned:**

- \$81,250

- \$57,000 – Identified Park Board Projects
- \$24,250 – Unallocated Park Board funding for projects TBD

- **Cash Reserve Required:**

- (\$25,028)

- **Park/Stormwater Fund Projected Cash Reserve Remaining:**

- \$531,513
- 270% above 4-month Min.
- 80% above 6-month Min.

2019 Budget Highlights

- **Capital Improvement Fund – PFF**

- Replacement Fitness Equipment - \$20,000
- Fire Response Truck Replacement - \$25,000

- **Capital Projects Planned:**

- \$45,000

- **Cash Reserve Required:**

- None
- Surplus - \$34,262

- **Capital Fund Projected Cash Reserve Remaining:**

- \$404,244
- 240% above 4-month Min.
- 60% above 6-month Min.

2019 Budget Highlights

- **Wastewater Fund**

- Continued I & I Rehabilitation - \$400,000 (O&M Cost Center)
- Oxidation Ditch Rehabilitation - \$20,000
- Sewer Camera Replacement - \$65,000

- **Capital Projects Planned:**

- \$85,000
- \$400,000 (O&M Cost Center)

- **Cash Reserve Required:**

- \$None

- **Capital Fund Projected Cash Reserve Remaining:**

- \$2,380,866
- 594% above 4-month Min.
- 396% above 6-month Min.
- 2019 – Added \$648,000 to cash reserve

2019 Budget Highlights

- **Miscellaneous**

- Revenues

- Revenues (sales tax) continue to tick upwards – 5% above last year
- Conservative Approach – Projected increase of 3% for Sales Tax
- Transportation Fund Specific Shared Revenues - received from MODOT and the MO Dept. of Revenue – Conservative increases.
 - Fuel Tax
 - MV Sales Tax
 - MV Fee Tax

- Dept. Budgets remained stable or were lowered

- Increases in:
 - Property and Liability Insurance expense – 12%
 - Health Insurance Premiums – 9%
 - Employee Compensation – Discussion Point
- Decreases in:
 - Workers Compensation expense
 - Overall Operational Expenses reduced by 6% from last year

Employee Compensation – Recap of 2020 Actions

Cost of Living Adjustment

Justification:

- Based on the CPI - Currently the Consumer Price Index (CPI) is 2.4% for 2018 (Jan-Dec.)
- September to September the (CPI) is 1.7% Bureau of Labor Statistics – Consumer Price Index Summary – October 10, 2019

Market Wage Adjustment

Employment Cost Index – Wages and Salaries have increased at 2.9% for the 12-Month Period ending September 2019 Bureau of Labor Statistics – Employer Cost Index Summary – October 10, 2019

- **Final Recommendation of 2% COLA for FY 2020 – Approved by Council**

Adjustment of the City of Aurora Position Classification Pay Plan by 12% to 14% to match market changes over the past several years

Justification:

- Minimal Adjustment to the pay scales over the last 10 to 12 years or more
- Data and Information Used
 - Bureau of Labor Statistics – Consumer Price Index & Employment Cost Index
 - MML Salary Survey
 - Austin Peters Salary Wage Study – 2015
 - Discussions that were had with Austin Peters – concurred with recommendation
 - Informal Comparisons with cities nearby
- All positions lagging behind
- Missouri Minimum Wage Law
 - Impact
 - Local Employers – Local examples
- **Final Recommendation – Market Adjustment of the Pay Plan of 8% for FY 2020 – Approved by Council**

Final Budgeted Wage Adjustments:
2% COLA
8% Market Pay Plan Adjustment
10% Total for 2020

Employee Compensation Adjustment for 2021

Cost of Living Adjustment

Justification:

- Based on the CPI - Currently the Consumer Price Index (CPI) is 1.7% for 2020 (Jan-Dec.)
- August to August the (CPI) is 1.3% - Next report out 10/13/2020

Bureau of Labor Statistics – Consumer Price Index Summary – September 11, 2020

Market Wage Adjustment

- Employment Cost Index – Wages and Salaries have increased at 2.7% for the 12-Month Period ending June 2020 – Next report out 10/30/2020

Bureau of Labor Statistics – Employer Cost Index Summary – July 31, 2020

Final Recommendation of 1.5% COLA for FY 2021

Adjustment of the City of Aurora Position Classification Pay Plan by 12 to 14% to match market changes over the past several years

Justification:

- Minimal Adjustment to the pay scales over the last 10 to 12 years or more
- Data and Information Used
 - Bureau of Labor Statistics – Consumer Price Index & Employment Cost Index
 - MML Salary Survey
 - Austin Peters Salary Wage Study – 2015
 - Discussions that were had with Austin Peters – concurred with recommendation
 - Informal Comparisons with cities nearby
- All positions lagging behind
- Missouri Minimum Wage Law
 - Impact
 - Local Employers – Local examples

Final Recommendation – Final Market Adjustment of the Pay Plan of 4% for FY 2021

FY 2021 Recommendations:

1.5% COLA

4% Market Pay Plan Adjustment

5.5% Total for FY 2021

City Fees

- Many of the City Fees were set in the 1970's and in the 1980's and have not been updated
- Fees are reflective of the work that City Staff completes that is for or benefits an individual citizen. The alternative is the cost of that work be bore by all the citizens through taxes.
- Examples:
 - Building permits
 - Business Licenses
 - Special Event Fees
 - Sexton/Cemetery Services
- In the process of reviewing all fees that are charged by the City and will be bringing those forward for consideration

Capital Projects Planning – December Work-session

- Passage of the Capital Improvement Sales Tax – Opens up opportunities
- Begin Planning now for projects that we want to do in 2022, 2023 and 2024
 - Next Stormwater Project – in the process, current debt done in early 2022. Goal is to be ready for the next project and financing to start in the spring of 2022 – Stormwater Fund
 - Michel Place stormwater issues
 - Countryside Estates (Samuel Ct. & Haley Ct.) stormwater issues
 - Larger street Projects – Virginia Street Extension Plans
- Large Community Project?
 - Financing a project that will only take a portion of the revenue from the Capital Improvement Tax
 - Community Event Center
 - Recreation Center
- Council and Dept. Head Ideas
- Community Input

Questions?