



City of Baker, Louisiana

OPERATING BUDGETS CAPITAL BUDGET/CAPITAL PROGRAM FISCAL YEAR ENDING JUNE 30, 2023



Greenwood Park Lake
Courtesy of BREC

INTRODUCTION

The City of Baker, in accordance with Sections 6-03 and 6-12 of the City of Baker Home Rule Charter, is introducing the proposed operating and capital budgets and capital program for the upcoming fiscal year ending June 30, 2023.

The City of Baker provides for the general welfare of its citizens – fire/police protection, well-maintained infrastructure, cultural, recreational and other enriching opportunities – and provides utility services – water, gas and sewer. It also operates a cemetery providing for burial needs including two mausoleums and a special place for infants. Budgeting for a large organization that provides many services is a complex process. It requires forecasts on commodities such as gas prices, demand for services from grass-cutting to libraries to sports complexes and the impact of economics such as sales trends among other things. It also requires anticipation of future events and a vision to continue enhancing the City as a place people choose to do business and live. Prioritizing revenue streams to accommodate these costs is a daunting task requiring a focus on both maintaining current revenues and exploring options for new sources.

This message is designed to provide clear and accurate information on the budgetary process, estimated revenue streams and a basic description of departmental needs and spending.

SUMMARY OF THE BUDGET PROCESS

Simply speaking, the budget is proposed by the Mayor and adopted by the City Council. It is composed of two main documents – operating budget and capital budget/program.

Operating budgets are required for the General Fund and Special Revenue Funds. Its format requires a detailed listing of revenues and a modified lump sum for expenditures. The governmental fund budgets presented herein, however, provide a detailed listing of expenditures by department in order to provide additional accountability and transparency. While an operating budget is not required for proprietary funds – Utility, Cemetery and Sewer Revenue – one has been prepared for all three funds to provide a tool for management to monitor cash and control spending. It also demonstrates fiscal responsibility in the event these funds require bonded indebtedness or other long-term financing.

The capital budget includes expenditures for long-lived assets, infrastructure and capital projects required to deliver the day-to-day services provided by the City. It includes a capital program that consists of anticipated needs or projects planned over the next four years. This budget assumes availability of funding and does not consider any unanticipated needs that could supersede these plans. As a result, future projections are subject to change each year. The capital budget and capital program are presented to the Planning and Zoning Commission for review prior to presentation to the City Council.

During the budget preparation period, department heads submit their requests for purchases and capital needs to Finance. The information is compiled into the documents herein provided

considering whether the projected revenues will be sufficient to cover the projected costs of providing services. If the revenues are not sufficient, the process of prioritizing begins to reduce costs to a level that is not more than the sum of current anticipated revenues and available surplus. The revenue forecasts indicate additional resources are needed – new or expanded programs – to meet the evolving demands for City services. This is one of the catalysts for the capital programs being introduced and/or continued to provide new and expanded revenue streams that will initiate growth within the city as well as create new revenue streams. The sports complex (Jefferson Street Park) project is one example whereby the city can experience additional revenues through gate receipts for tournaments and through sales tax from businesses that will be patronized during these events such as retail and food establishments.

Introduction of the budget to the City Council is initially made on or about May 15th. After completing the public hearing and deliberative processes, the City Council votes to adopt the budget no later than the close of the current year. The Mayor can choose to veto or let it become law. If a veto is chosen, it must apply to the entire budget as line-item vetoes are not allowed. Should a budget not be adopted by June 30th, the City Charter provides that the presented budget is presumed adopted and becomes effective on July 1st.

A printed copy of the budget will be available at City Hall for public inspection. The public's participation in the budget process is through comments during the public hearing. Because the budget is an estimate based on currently known facts and anticipated events, amendments may be needed to recognize necessary expenditures or projects that were not foreseeable at the time that the budget was prepared.

BUDGET PRESENTATION

As indicated, the proposed budget appropriations are presented in the following order:

1. General Fund Revenues
2. General Fund Expenditures
3. Governmental Funds Capital Budget/Program
4. Special Revenue Funds Revenues, Expenditures and Capital Outlay
 - a. 911 Communications Fund
 - b. Half-Cent Special Tax – Fire and Police
 - c. Streets
5. Proprietary Funds Revenues, Expenses and Capital Budget/Program
 - a. Utility Fund
 - b. Cemetery Fund
 - c. City-Parish Sewer Revenue Fund

FUND STRUCTURE

The City of Baker uses the same basis for budgeting as it does for accounting. Governmental fund financial statements are budgeted and reported using a modified accrual basis of accounting.

Revenues are recognized as soon as they are both measurable and available. Revenues are considered available if they are collectible within a reasonable period to pay liabilities of the current period, i.e., generally 60 days after the close of the fiscal year. Expenditures are recorded when a liability is incurred. Debt service, capital outlay and compensated absences, however, for governmental-type funds are recorded when paid.

Business-type activities are reported using an accrual basis of accounting. It differs from governmental fund types in that long-lived assets and liabilities are reported. The City adopts an annual budget for these funds as a sound management tool.

The City of Baker utilizes funds for reporting purposes as follows:

▣ General Fund – This is the primary operating fund of the City used to record only revenues and expenditures. It does not recognize either long-term assets or liabilities. It accounts for traditional governmental services such as administration, inspections, buildings and grounds, public safety and public works except those required to be accounted for in another fund.

▣ Special Revenue Funds – These account for funds received that are dedicated by law to be spent for a particular purpose. The City has three special revenue funds described as follows:

1. 911 Communications – accounts for funding from EMS to provide for expenses related to 911 dispatchers;
2. Half-Cent Special Tax – accounts for ½ cent sales tax collected for the purpose of salaries/benefits and other related expenses of fire and police protection;
3. Streets – accounts for sales tax received for the purpose of street construction, maintenance and beautification.

▣ Proprietary Funds – These account for funds received for services provided directly to citizens and/or customers. The City has three proprietary funds as follows:

1. Utility – accounts for charges for water, gas and sewer services provided to both residential and commercial customers;
2. Cemetery – accounts for sales of plots, vaults, crypts, markers and other such amenities for burials;
3. City-Parish Sewer Revenue – accounts for charges to East Baton Rouge Parish for the costs of invoicing parish customers within the City’s boundaries.

REVENUE SOURCES OF THE GENERAL FUND

Revenues may be assigned, committed, restricted or unrestricted. The major unrestricted revenue sources of the General Fund, generating more than 50% of its funding, includes

▶ Sales Tax	36.7%
▶ Garbage Collection	8.8%
▶ Franchise Fees	5.3%

Sales tax – including trade and motor vehicle sales – is crucial to the City’s ability to provide basic services to its citizens. The city has increased its sales base such that as of March 31st, it has realized more than 90% of the current year’s budgeted taxes. The FY2023 budget includes expenditures of more than \$155,000 for education, recreation, cultural and community events and \$207,465 in economic development. These activities provide an environment where businesses can prosper and citizens can realize a more satisfying quality of life for themselves and their families. Education also plays a key role in the prosperity of a municipality, and our school system realizes increases in its operating budget as the city builds its sales tax base. Based on the dedicated portion of the current sales tax base, the public school system within the City’s boundaries realizes approximately 67% of the City’s growth.

It is difficult to anticipate the impact that COVID-19 will have on future revenues. Currently, the bulk of the economy is open, but each Fall could see another shut down that could negatively affect revenues. It is again hard to say how the prolonged shutdown of businesses will impact the City’s revenue streams in the long-run as some businesses continue to struggle to remain open, but this budget does not anticipate an adverse future.

Revenues that have been assigned by management to be used for a specific purpose include Buffalo Festival proceeds and building rent. Proceeds of the Buffalo Festival, if any, are earmarked for educational and recreational purposes. There has been a concentrated effort over the past three years to grow this festival. It had to be canceled in 2020 and 2021, but was held this past spring. The profit motive, however, is not as strong as the need for a community event. Fees for motor vehicle transactions provided by the La. Department of Motor Vehicles are earmarked for costs of maintaining the building that houses the Department’s location in Baker including utilities and insurance.

The City Council committed certain revenue sources for public safety. These revenue streams include traffic fines from tickets written by the City’s police department and issued through Redflex (camera). It is anticipated that \$575,000 will be realized from fines, and all will be used for traffic division salaries and benefits, auto maintenance and gas/oil.

Finally, the city receives revenues restricted by the donor or by law for a specific purpose. These include a DARE grant and a tax imposed on lodging sales referred to as the hotel/motel tax. The DARE grant is a reimbursement-type grant covering a portion of the costs associated with conducting drug-resistance education at Baker Middle School involving salaries and benefits of a DARE officer as well as training and graduation supplies. The hotel/motel tax is used 95% for economic and community growth and 5% for recreational and family activities.

Another source of funding for general activities that can be utilized is operating transfers from the City’s proprietary funds. A transfer of \$500,000 was budgeted in FY2019 to jump start an operating reserve to secure operational funding needs in the event of an emergency or natural disaster for the City as a whole. These funds are maintained in a trust fund at Whitney/Hancock Bank.

The FY2023 budget anticipates operating transfers of \$1,725,675 to the General Fund as follows:

Utility Fund	\$ 500,000
Sewer Revenue Fund	25,000
Half-Cent Special Tax Fund – Fire	542,250
Half-Cent Special Tax Fund – Police	<u>658,425</u>
	<u>1,725,675</u>

Recommendations from water authorities to comply with federal/state mandates in upgrading and maintaining the water distribution system to ensure water quality for the City’s customers, is recognized in the current budget. The City was awarded \$1.835 million in community development block grant funding to drill a new well at its Mississippi Street well site and to improve three other well sites during the current year. This \$2.1 million project has started and is anticipated to be completed during the current year.

Previously, expenses related to salaries/benefits and capital/technology expenses for the fire and police departments were budgeted through the Half-Cent Special Tax Fund. The current year budget, however, recognizes transfers of sales tax collections to the General Fund to be utilized for salaries/benefits, leases, and technology. The annual collections fall short of these expenses requiring General Fund infusion for fire/police protection. Management also felt that the actual cost of public safety was more transparent if all expenditures were reported in the same fund as opposed to having certain expenses reported separately.

EXPENDITURES OF GOVERNMENTAL FUNDS

As with any service organization, the most significant costs are related to employees, i.e. salaries, retirement, insurance, etc. The City strives to be competitive in this area to attract well-qualified individuals and to create an atmosphere that fosters longevity. Rising insurance and retirement costs continue to challenge this goal, but the City has managed to increase salaries for all fire, police and municipal employees over the past six years with the exception of the position of mayor. This was part of the Mayor’s plan initiated in FY2017 allowing for all employees to realize competitive and fair wages for the work performed. An increase of \$15,000 for the position of mayor in FY2022 was approved by the City Council while an additional increase of \$10,000 is being proposed for FY2023. This will make the mayor’s salary comparable to cities of like-size at the time of the next mayoral election. An increase in retirement benefits is synonymous with increased wages and is an expense outside of the City’s control. Retirement benefits will (1) remain the same at 29.5% for municipal employees; (2) be comparable to 33.75% for fire; and (3) remain at 29.75% for police.

The major cost centers of the City’s governmental activities, accounting for nearly 74% of operating costs, are as follows:

▶ Public Safety	43.5%	fire and police protection
▶ Public Works	28.1%	garbage and streets/infrastructure

This budget includes a lease purchase that requires annual payments for 3 pumpers and a ladder truck – needed for the City’s excellent fire rating – over the next 2 years. It also includes the lease of vehicles for both fire and police that will allow for lower maintenance costs over the next several years as well as the ability for the City to keep on top of technological advancements in emergency preparedness and disaster recovery that change rapidly.

With general government, the most significant areas in terms of annual spending, accounting for more than 18% of the General Fund budget excluding the drainage and emergency preparedness projects, are as follows:

▶ Judicial System	5.6%	court and prosecution functions
▶ Buildings/Grounds	29.0%	maintenance of all City properties

The proposed expenditures for the year ending June 30, 2023, does not require the use of prior year surpluses for the General Fund. Spending is closely monitored and curbed if revenues appear to fall short of budgeted amounts. The revenues, however, do not recognize anticipated increases as a result of intense public relations that have proven effective in bringing more businesses to the area as these resources cannot be determined accurately at this time. The utilization of grant programs will be used where applicable as well to relieve the burden on government. Employees are to be commended for their commitment to controlling spending.

CAPITAL IMPROVEMENTS

The capital budget summarizes the capital needs of the City for the coming year as well as the subsequent four years by department. It focuses on the needs of the departments to continue the services that the City provides to its citizens but also on projects that will improve the ability to provide economic, recreational and cultural opportunities. This budget provides the source of anticipated funding to bring these projects to fruition. Management plans to exhaust every effort in obtaining LGAP and grant monies to supplement its treasury to do this.

Public safety is one of the most basic responsibilities of local governments, and this capital plan proposes spending nearly \$1,000,000 over the next year for this purpose. More than \$1,402,000 was expended in the last 3 years to update technology, replace the public safety fleets and purchase safety gear and equipment.

Infrastructure – facilities and streets/sidewalks – is budgeted at a cost of \$6,289,000.

It is vital that the City remain one of the safest cities in the southern region and that the streets are well maintained for both economic and community development. Included in the proposed capital program is a fire station to be built on the west side of the railroad tracks, the cost of which is anticipated to be \$1,750,000 over the next three years. Additionally, funding for an expansion of the Lavey Lane EMS site to include space dedicated to fire is anticipated.

Included in infrastructure expenditures is \$1,500,000 for the construction/maintenance of streets and sidewalks. More than \$3.0 million was put into infrastructure over the past three years leaving only a small percentage of streets within the City's boundaries that require attention. There are both parish and state roads that run through the City, and management continues contact with officials to ensure that they are included in the transportation planning/budgets of those entities.

One of the Mayor's visions included in the capital budget/program involves renovations to our existing parks and construction of a sports complex. Not only will this provide resources for the benefit of our youth to engage in team sports, it can be an economic resource as well by bringing people into our City for tournaments and such who will patronize our businesses. Another vision is the expansion of our boundaries to allow for growth both of residents and businesses for which \$1,000,000 has been requested. Annexation sometimes involves land acquisition and nearly always involves the extension of infrastructure required to provide services to the expanded areas. Such annexation increases the City's property tax base for which it currently realizes 6.22 mills. The school system's combined authorized millage is 43.2 making the expansion of our borders a huge investment in the City's school-aged citizens and educational system. When our businesses thrive, our City thrives. When our City thrives, our school district thrives right alongside of us.

This budget continues to include funds for the transit center (Park-N-Ride facility) which will serve as a potential revenue source to be used for general operations as well as the Buffwood Club property, the long-term purpose of which has not been established. It includes funding for general repairs to the Heritage Museum and Cultural Center. This historic site provides a look back to Baker's history and hosts events that showcase its current development and future potential. It allows cultural and social enrichment to everyone that visits and participates in its programs/events.

Management hopes that this summary has been enlightening to the vision and hopes that it has for the City of Baker. We invite you to consider these ideas when reviewing the proposed budgets and capital program and ask questions.

We're moving "Baker Forward"

A Place to Call Home!



In compliance with the Local Governmental Budget Act...

This document will be available for public inspection prior to its adoption at City Hall during normal business hours which are 7:30-5:30 Monday through Thursday. Entry to this government building has been restricted due to the pandemic, but every effort will be to accommodate any requests for review. Masks are required. Copies can also be obtained by contacting the Finance Department at 225-778-1751.

CITY OF BAKER, LA
ADOPTED OPERATING BUDGET - GENERAL FUND
YEAR ENDING JUNE 30, 2023

Acct No	Acct Name	Amount
UNASSIGNED		
INTERGOVERNMENTAL		
4000	C/P STREET MAINTENANCE	\$ 45,940
4010	DOTD WEED CUTTING	13,290
	<i>TOTAL INTERGOVERNMENTAL</i>	59,230
 TAXES		
4030	SALES TAX	4,320,000
4032	MOTOR VEHICLE SALES TAX	540,000
4040	FRANCHISE TAX	620,000
4050	PROPERTY TAX	460,000
4060	CABLE FRANCHISE FEE	90,000
4070	INDUSTRIAL TAX	75,000
4080	FIREMANS TAX	55,000
4090	HOME BUSINESS TAX	1,000
4100	BEER TAX	5,800
4110	CHAIN STORE TAX	13,250
	<i>TOTAL TAXES</i>	6,180,050
 LICENSES & PERMITS		
4150	INSURANCE LICENSES	185,000
4160	BUSINESS LICENSES	275,000
4170	PLUMBING/HEAT & AIR LICENSES	4,500
4180	ELECTRICAL LICENSES	4,000
4190	BUILDING PERMITS	15,000
4200	PLUMBING/HEAT & AIR PERMITS	4,800
4210	ELECTRICAL PERMITS	4,200
4220	LIQUOR LICENSE	5,500
4235	RETAIL CLERK FEES	1,000
	<i>TOTAL LICENSES & PERMITS</i>	499,000
 CHARGES FOR SERVICES		
4250	GARBAGE COLLECTION	1,173,000
4270	RESOURCE OFFICER	47,000
4280	CIVIC CENTER FEES	25,000
4300	RENT - UTILITY	360,000
4310	RENT - SEWER	20,000
4315	RENT - CEMETERY	6,000
4320	RENT - CITY PROPERTY	130,000
4330	POLICE REPORTS/FINGERPRINTING	4,000
4340	REZONING FEES	1,000
4350	BLIGHTED PROP REIMBURSEMENTS	10,000
4610	INSPECTION FEES	15,700
	<i>TOTAL CHARGES FOR SERVICES</i>	1,791,700

CITY OF BAKER, LA
ADOPTED OPERATING BUDGET - GENERAL FUND
YEAR ENDING JUNE 30, 2023

Acct No	Acct Name	Amount
CITY COURT/PROSECUTOR		
4400	COURT FEES	30,000
4360	DEFERMENT/PROSECUTOR FEES	50,000
	<i>TOTAL CITY COURT/PROSECUTOR</i>	<u>80,000</u>
 INTEREST		
4500	INTEREST EARNED	30,000
 GRANTS/CONTRIBUTIONS		
4600	GRANT PROCEEDS	250,000
4605	FEMA AND OTHER CONTRIBUTIONS	2,508,000
	<i>TOTAL GRANTS/CONTRIBUTIONS</i>	<u>2,758,000</u>
 OTHER		
4341	VIDEO BINGO REVENUE	140,000
4390	AUCTION PROCEEDS/SALES	50,000
4628	INSURANCE CLAIMS	35,000
4630	MISCELLANEOUS/OTHER REVENUES	10,000
4634	COMMUNITY EVENTS	1,000
4640	RECYCLED REVENUES	6,200
	<i>TOTAL OTHER</i>	<u>242,200</u>
 OPERATING TRANSFERS		<u>1,725,675</u>
	TOTAL UNRESTRICTED REVENUES	13,365,855
ASSIGNED		
BUFFALO FESTIVAL 01-29-13		
4405	DONATIONS	10,000
4688	ADVERTISING/SPONSORSHIPS	20,000
4680	EVENT PROCEEDS	15,000
	<i>TOTAL BUFFALO FESTIVAL</i>	<u>45,000</u>
 BUILDINGS		
4260	MOTOR VEHICLE FEES	75,000
	TOTAL ASSIGNED REVENUES	<u>120,000</u>
COMMITTED		
TRAFFIC SAFETY		
4410	FINES	75,000
4415	REFLEX FINES	500,000
	TOTAL COMMITTED REVENUES	<u>575,000</u>
RESTRICTED		
DARE		
4600	GRANT PROCEEDS - DARE	10,505

CITY OF BAKER, LA
ADOPTED OPERATING BUDGET - GENERAL FUND
YEAR ENDING JUNE 30, 2023

Acct No	Acct Name	Amount
ECONOMIC/COMMUNITY DEVELOPMENT		
4085	HOTEL/MOTEL TAX	95,000
4086	HOTEL/MOTEL TAX/RECREATION	5,000
	<i>TOTAL ECONOMIC DEVELOPMENT</i>	<u>100,000</u>
	TOTAL RESTRICTED REVENUES	110,505

TOTAL GENERAL FUND REVENUES	14,171,360
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EXPENDITURES

GENERAL GOVERNMENT		
	ADMINISTRATION	385,850
	GOVERNANCE - COUNCIL	151,900
	GOVERNANCE - CIVIL SERVICE BOARDS	29,000
	GOVERNANCE - ABC BOARD	3,800
	GOVERNANCE - PLANNING & ZONING	4,100
	CITY ATTORNEY	110,250
	JUDICIAL SYSTEM - CITY COURT	507,350
	JUDICIAL SYSTEM - PROSECUTOR	229,950
	ECONOMIC DEVELOPMENT	207,465
	COMMUNITY DEVELOPMENT - RECREATION	18,650
	COMMUNITY DEVELOPMENT - MUSEUM	77,050
	COMMUNITY DEVELOPMENT - TRAINING CENTER	16,800
	COMMUNITY DEVELOPMENT - FESTIVALS/EVENTS	43,000
	BUILDINGS & GROUNDS	1,346,175
	FINANCE/PURCHASING	510,175
	HUMAN RESOURCES	455,225
	INSPECTIONS/CODE ENFORCEMENT	258,625
	CENTRAL GARAGE	171,465
	TOTAL GENERAL GOVERNMENT	<u>4,526,830</u>

PUBLIC SAFETY		
	POLICE	2,626,600
	POLICE - DARE	10,505
	FIRE	3,633,400
	TOTAL PUBLIC SAFETY	<u>6,270,505</u>

PUBLIC WORKS	<u>2,654,850</u>
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TOTAL GENERAL FUND EXPENDITURES	13,452,185
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