



Five Year Budget projection through fiscal year ending June 30, 2025

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FIVE YEAR GENERAL FUND BUDGET PROJECTION THROUGH THE FISCAL YEAR ENDING JUNE 30, 2025

PROJECTION ASSUMPTIONS

1. 2020-21 budget process completed for a five year period for the General Fund. 2020-21 budget adopted and projected for four additional years.
2. Property tax revenue includes a general 2% increase in real property taxable value assumption, except for our largest taxpayer DTE Energy, who has several parcels that were subject to a tax appeal settlement agreement. Those parcels are projected at the taxable values included in the settlement. Personnel property tax revenue is affected by the exemptions from the personal property tax legislation that was passed in 2014. Personal property tax revenue and personal property tax reimbursement revenue for 2021 is calculated at the actual taxable value and estimated reimbursement amount. For 2022 through 2025, a 2% increase per year is estimated.
3. State revenue sharing is projected to increase 2% per year.
4. Interest income is projected to decrease in 2020-21 to \$200,000 and then is projected at \$300,000 for each of the remaining years.
5. Collective bargaining agreements had not been settled as of the time of the budget adoption. 2% across the board wage increases were included with the first 3 years of the projection, but due to the effects of the tax appeal settlement previously mentioned, not increases were included in the last two years, 2023-24 and 2024-25.
6. Retiree healthcare – the actuarial determined contribution (ADC) for fiscal year 2020-21 was calculated at \$823,816. In June 2016, the City issued bonds to fund approximately 82% of its unfunded actuarially accrued liability (UAAL). As of December 31, 2018, the plan was 92.4% funded. \$228,934 is budgeted for contributions in the General Fund for fiscal 2020-21. Across all City funds, a contribution of \$474,895 is budgeted. The full funding of the ARC was reduced due to the implementation of a Medicare Advantage plan for Medicare eligible retirees effective October 1, 2020. It is expected that this change will cause the plan to become over funded where no further employer contributions will be required.
7. Employee pensions – the projection includes a general fund contribution of \$1.742 million based on a total estimated City contribution of \$2.13 million.
8. Health insurance – a 4.0% increase in cost is included. All groups now comply with hard cap limits in the state statute.
9. Full-time employment positions included in the projection increased to 183.32 from 180.92 full-time equivalent employees. Employees were added in the utilities operations.
10. Capital funding was projected to be budgeted at approximately 1.0 mill of property taxes. The amount included in the projection is \$1.343 million. This was increased from the

previous year amount of \$1.295 due to use of additional revenue from personal property tax reimbursements projected to be received.

11. Other miscellaneous operating line item adjustments were made for inflation purposes, such as utilities.

PROJECTION SUMMARY

The budget adopted for the General Fund for the June 30, 2021 fiscal year budgeted expenditures in the amount of \$20,297,623 and expenditures were equal to budgeted revenue. Expenditures included a \$47,888 transfer to assigned fund balance.

The projection for the General Fund for the June 30, 2022 fiscal year projects expenditures of \$19,753,756. The expenditures are equal to projected revenue. Expenditures included a \$109,539 transfer to assigned fund balance.

The projection for the General Fund for the June 30, 2023 fiscal year projects expenditures of \$19,960,695. The expenditures exceed revenues by \$136,786.

The projection for the General Fund for the June 30, 2024 fiscal year projects expenditures of \$20,094,658. The expenditures exceed revenues by \$531,015.

The projection for the General Fund for the June 30, 2025 fiscal year projects expenditures of \$20,113,472. The expenditures exceed revenues by \$437,634.

This projection was done as a part of a five-year budget process as the June 30, 2021 budget was adopted. Expenditures exceed the budgeted revenue amounts in years 3 through five of the projection primarily due to reduced property tax revenue as the tax appeal settlement will reduce the taxable value for our largest taxpayer by up to 30% by the end of the projection period.

**GENERAL FUND BUDGET PROJECTION
THROUGH FISCAL YEAR ENDING JUNE 30, 2025**

	Actual 2018-19	Actual 2019-20	Adopted Budget 2020-21	Projection 2021-22	Projection 2022-23	Projection 2023-24	Projection 2024-25
REVENUE							
Property Taxes	\$ 14,778,266	\$ 14,573,345	\$ 14,486,532	\$ 14,244,326	\$ 14,224,595	\$ 13,875,046	\$ 13,897,494
Licenses and Permits	45,655	72,700	63,600	63,600	62,070	62,070	62,070
Federal and State Revenue	4,055,905	3,445,054	3,503,400	3,067,600	3,126,684	3,188,670	3,250,575
Charges for Services	1,593,467	1,634,633	1,771,776	1,805,315	1,837,045	1,864,342	1,892,184
Fines and Forfeitures	85,418	61,120	79,500	79,500	79,500	79,500	79,500
Investment Income	450,471	338,009	200,000	300,000	300,000	300,000	300,000
Rental Income	42,277	29,737	30,296	30,896	31,496	31,496	31,496
Other Revenue	132,691	121,361	132,519	132,519	132,519	132,519	132,519
Other Financing Sources	20,000	126,057	30,000	30,000	30,000	30,000	30,000
TOTAL REVENUES	\$ 21,204,150	\$ 20,402,016	\$ 20,297,623	\$ 19,753,756	\$ 19,823,909	\$ 19,563,643	\$ 19,675,838
EXPENDITURES							
GENERAL GOVERNMENT							
City Council	\$ 127,606	\$ 123,131	\$ 152,934	\$ 153,080	\$ 153,196	\$ 153,691	\$ 153,973
City Manager	284,673	305,905	320,920	321,439	327,152	328,726	330,101
Communications, Culture, Promotion	123,875	128,822	140,597	142,657	145,451	146,755	147,735
Assessor	349,329	374,240	360,954	363,960	375,004	381,454	387,055
Attorney	257,761	372,593	142,760	142,760	142,760	142,760	142,760
Clerk-Treasurer	471,175	536,538	484,065	491,813	503,147	513,351	517,380
Finance	441,241	479,454	482,924	487,743	500,884	505,361	508,638
Human Resources	302,040	284,329	281,952	282,298	285,744	286,430	286,670
Engineering	262,815	329,703	249,546	221,018	232,123	238,345	243,219
City Hall Grounds	275,391	321,088	323,299	327,177	333,625	339,954	345,621
TOTAL GENERAL GOVERNMENT	2,895,906	3,255,803	2,939,951	2,933,945	2,999,086	3,036,827	3,063,152
PUBLIC SAFETY							
Public Safety - Police and Fire	8,056,868	8,472,019	9,099,527	9,209,019	9,421,825	9,516,206	9,582,232
Zoning/Code Enforcement	686,718	207,437	309,306	312,078	317,916	319,973	320,619
TOTAL PUBLIC SAFETY	8,743,586	8,679,456	9,408,833	9,521,097	9,739,741	9,836,179	9,902,851
PUBLIC WORKS							
	2,256,441	2,400,305	2,321,003	2,305,246	2,342,582	2,364,512	2,382,105
COMMUNITY AND ECONOMIC DEVELOPMENT							
	702,712	548,606	495,864	475,155	480,261	485,329	489,090
CULTURAL-RECREATION							
Library	57,500	57,500	65,000	65,000	65,000	65,000	65,000
Social Services	154,977	146,166	156,000	156,000	156,000	156,000	156,000

	Actual 2018-19	Actual 2019-20	Adopted Budget 2020-21	Projection 2021-22	Projection 2022-23	Projection 2023-24	Projection 2024-25
Public Access TV	159,171	148,585	150,000	145,000	145,000	145,000	145,000
Parks and Recreation	1,457,893	1,443,850	1,525,988	1,519,605	1,521,730	1,503,041	1,077,542
TOTAL CULTURAL-RECREATION	1,829,541	1,796,101	1,896,988	1,885,605	1,887,730	1,869,041	1,443,542
CONTINGENCIES	-	-	147,888	209,539	100,000	100,000	100,000
DEBT SERVICE	1,809,160	1,900,235	1,928,243	1,914,006	1,891,795	1,881,270	1,779,232
OTHER FINANCING USES	1,014,186	1,128,751	1,158,853	509,163	519,500	521,500	953,500
TOTAL EXPENDITURES	\$ 19,251,532	\$ 19,709,257	\$ 20,297,623	\$ 19,753,756	\$ 19,960,695	\$ 20,094,658	\$ 20,113,472
REVENUE OVER(UNDER) EXPENDITURES	\$ 1,952,618	\$ 692,759	\$ -	\$ -	\$ (136,786)	\$ (531,015)	\$ (437,634)
BEGINNING FUND BALANCE	\$ 4,320,608	\$ 6,273,226	\$ 6,965,985	\$ 6,965,985	\$ 6,965,985	\$ 6,829,199	\$ 6,298,184
ESTIMATED ENDING FUND BALANCE	\$ 6,273,226	\$ 6,965,985	\$ 6,965,985	\$ 6,965,985	\$ 6,829,199	\$ 6,298,184	\$ 5,860,550
LESS UNSPENDABLE FUND BALANCE	812,518	819,891	800,000	800,000	800,000	800,000	800,000
LESS ASSIGNED FUND BALANCE	1,500,000	2,200,000	2,247,888	2,357,427	2,357,427	2,357,427	2,357,427
LESS RESTRICTED FUND BALANCE	-	-	-	-	-	-	-
ADD BUDGET STABILIZATION FUND BALANCE	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
ESTIMATED UNASSIGNED FUND BALANCE	\$ 5,960,708	\$ 5,946,094	\$ 5,918,097	\$ 5,808,558	\$ 5,671,772	\$ 5,140,757	\$ 4,703,123
UNASSIGNED AS A PERCENTAGE OF EXPENDITURES	30.96%	30.17%	29.16%	29.40%	28.41%	25.58%	23.38%