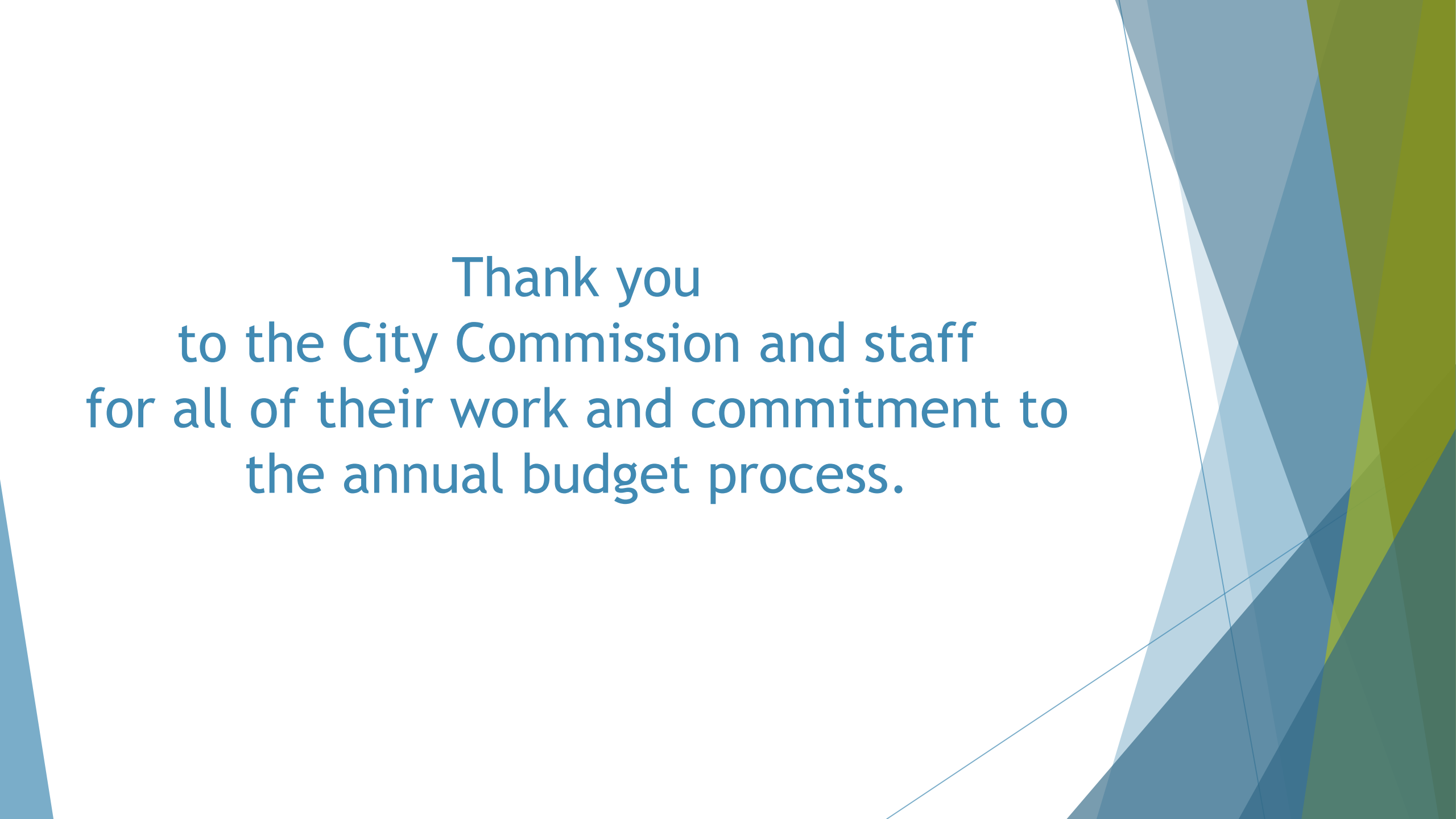




City of Walker

2019/2020 Fiscal Year Budget

Walker City Commission
Public Hearing
June 10, 2019



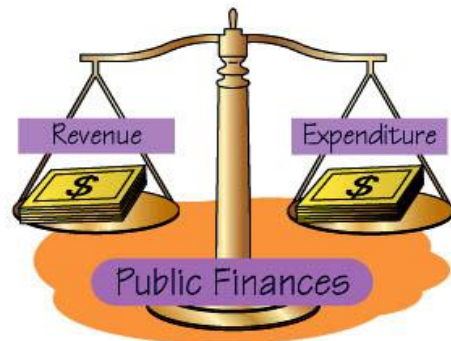
Thank you
to the City Commission and staff
for all of their work and commitment to
the annual budget process.

Governmental Accounting Terms

- ▶ **Fund** - Used to track certain types of revenues and be sure those revenues are spent correctly (ex. revenue received for roads can't be spent on a new fire truck). A Fund is like its own little company.
- ▶ **Revenues** - Money received (income).
- ▶ **Expenditures** - Money spent (expenses).
- ▶ **Department** - A specific function performed by the governmental unit (ex. Police service, Fire service, Financial service, etc).
- ▶ **Fund Balance** - The accumulation of revenues minus expenditures since the start of the Fund (accumulated profit).
- ▶ **Budget** - A document showing anticipated revenues and expenditures for a fiscal year.
- ▶ **Fiscal Year** - A 12 month time frame (not necessarily Jan 1-Dec 31). The City of Walker's fiscal year is July 1 - June 30.

Why does the City of Walker prepare a Budget?

- ▶ The Walker City Charter requires that the City Commission adopt a budget before the start of the next Fiscal Year.
- ▶ The State of Michigan also requires that each governmental unit prepare and approve a budget before the start of the next Fiscal Year. The State requires that only certain Funds have approved budgets, but most governmental units prepare budgets for each Fund.
- ▶ Once the budget is approved by the governing body (Commission), the governmental unit may not spend more than what is listed in the budget without additional approval from the governing body (referred to as a budget amendment).
- ▶ The budget is both a plan for spending current year revenues as well as a tool to help plan for future expenditures and to prioritize future projects.



What is the Budget Process?

To City Clerk

- January - Department Head requests are prepared and submitted to the City Manager and the Finance Department.
- Meetings are held with Manager, Finance, and Department Head to discuss budget requests.
- Early February - Manager and Finance prepare a draft budget.

To Finance Committee

- Draft budget is submitted to the City Clerk on February 15 (per City Charter).
- Draft budget is shared with Walker Commission Finance Committee.

To Walker City Commission

- Manager and Finance meet with the Walker City Commission Finance Committee to review the draft budget (late Feb or early March).
- Finance Committee meets with Manager, Finance, and Department Heads as needed.
- Priorities are established - potential changes to the budget are discussed - final revisions to the proposed budget are made.
- Finance Committee approves a recommended budget.

Budget Implemented

- Per State Law, a public hearing is set for the proposed budget. The public hearing allows citizens to comment on the proposed budget.
- Walker City Commission discusses the proposed budget as needed during a public meeting (usually night of public hearing).
- Walker City Commission approves the proposed budget.
- The final budget must be approved by the Commission prior to the start of the new fiscal year (prior to July 1).

The 2019/2020 Budget was prepared using:

- Priorities established by the Walker City Commission through Strategic Planning meetings.
- Open and honest communications between Department Heads, City Management and Finance, the Walker Finance Committee and the Walker City Commission.
- The experience and expertise of Walker staff and trusted consultants.
- Walker's Capital Improvement Plan (CIP), which is a 5 year plan to prioritize large expenditures such as vehicle replacements, equipment purchases and large building maintenance items.
- The State of Michigan's website for certain revenue projections:
 - State Revenue Sharing (portion of State sales tax)
 - Act 51 - Highway Revenue Sharing (portion of State gas tax)
- Other available relevant information.

2019/2020 Budget Overview

➤ General Principals of the Budget:

- Reflect the goals and priorities identified by the Walker City Commission.
- Continue to provide quality services and programs in the most efficient and cost effective manner possible.
- Revenue estimates are realistic but “conservative”.

➤ Revenues:

- City’s property tax millage rate remains at 1.336 mills (no change since 2000).
- Walker income tax collections continue to remain on a stable track.
- Monies received by Walker from the State of Michigan for State Revenue Sharing and Act 51 continue to increase.

2019/2020 Budget Overview

➤ Expenditures:

- 2.5% COLA / years of service adjustments.
- The addition of 2 full time police officers (one effective July 1 and the other October 1).
- The addition of a full time DPW Equipment Operator (MEO) - (effective January 1).
- Continued commitment of making additional payments towards OPEB and Pension long-term liabilities = \$300,000
- HVAC upgrades and renovations to Public Safety Building = \$170,000
- HVAC upgrades to other City Buildings = \$100,000
- Library Building roof replacement = \$175,000
- Future land acquisition = \$275,000
- WIFC fitness equipment replacements per schedule = \$20,000
- Facility wide computer replacements at WIFC = \$13,000

2019/2020 Budget Overview

➤ Expenditures:

- Major and Local road maintenance budget of \$1,000,000 for overlays.
 - \$400,000 for Major and \$600,000 for Local
- Multiple City-wide road and bridge construction projects = \$1,423,500.
 - North Park Bridge Upgrades = \$41,000
 - Three Mile/Walker Avenue Dual Left Turn Lanes = \$275,000
 - Northridge West Connector = \$400,000
 - Walker Avenue Bridge Removal by Bissell = \$517,500
 - Kinney/Remembrance Intersection Signal Improvements (Design) = \$25,000
 - Kinney Avenue Improvements between Waldorf and Three Mile Road (Design) = \$100,000
 - Sunset Hills Overlay (Design) = \$40,000
 - Walker's Portion of Future Signal at Three Mile/Remembrance = \$25,000

2019/2020 Budget Overview

➤ Expenditures:

- Replacement of multiple vehicles and equipment for DPW, Police, Fire = \$2,100,168.
 - Compact Loader = \$85,000
 - Replacement Pick-up Truck = \$45,000
 - Sewer Vactor Truck Replacement = \$450,000 (budgeted over 2 years - this is year 2)
 - Sidewalk Snow Plow = \$150,000 (paid 50/50 between General Fund and Walker DDA)
 - Tandem Axle Dump Truck - replace Truck #454 = \$254,000
 - Police Cruiser Replacements - 2 Chevy Tahoes - \$80,000 (we replace 2 each fiscal year)
 - Police Chief and Police Detective Car Replacements = \$70,000
 - New Fire Pumper Truck - replace E-4 = \$554,168 (approx. \$408,000 paid with set aside money)
 - Refurbish Engine 3 (frame repairs and paint) = \$55,000
 - Fire Dept SCBA Replacements = \$552,000 (budgeted over 2 years - this is year 2)
 - Begin Set Aside for Fire Platform Truck Replacement = \$300,000

2019/2020 Budget Overview

- Set Asides (saving for future “big ticket” items):
 - Add \$ 50,000 to Facilities Sinking Fund for a total of \$450,000 at 06/30/2020.
 - Add \$150,000 to OPEB Set Aside for a total of \$450,000 at 06/30/2020.
 - Add \$300,000 to Fire Truck Replacement Set Aside for a total of \$300,000 at 06/30/2020.
 - Add \$ 50,000 to WIFC Capital Improvement Set Aside for a total of \$260,000 at 06/30/2020.

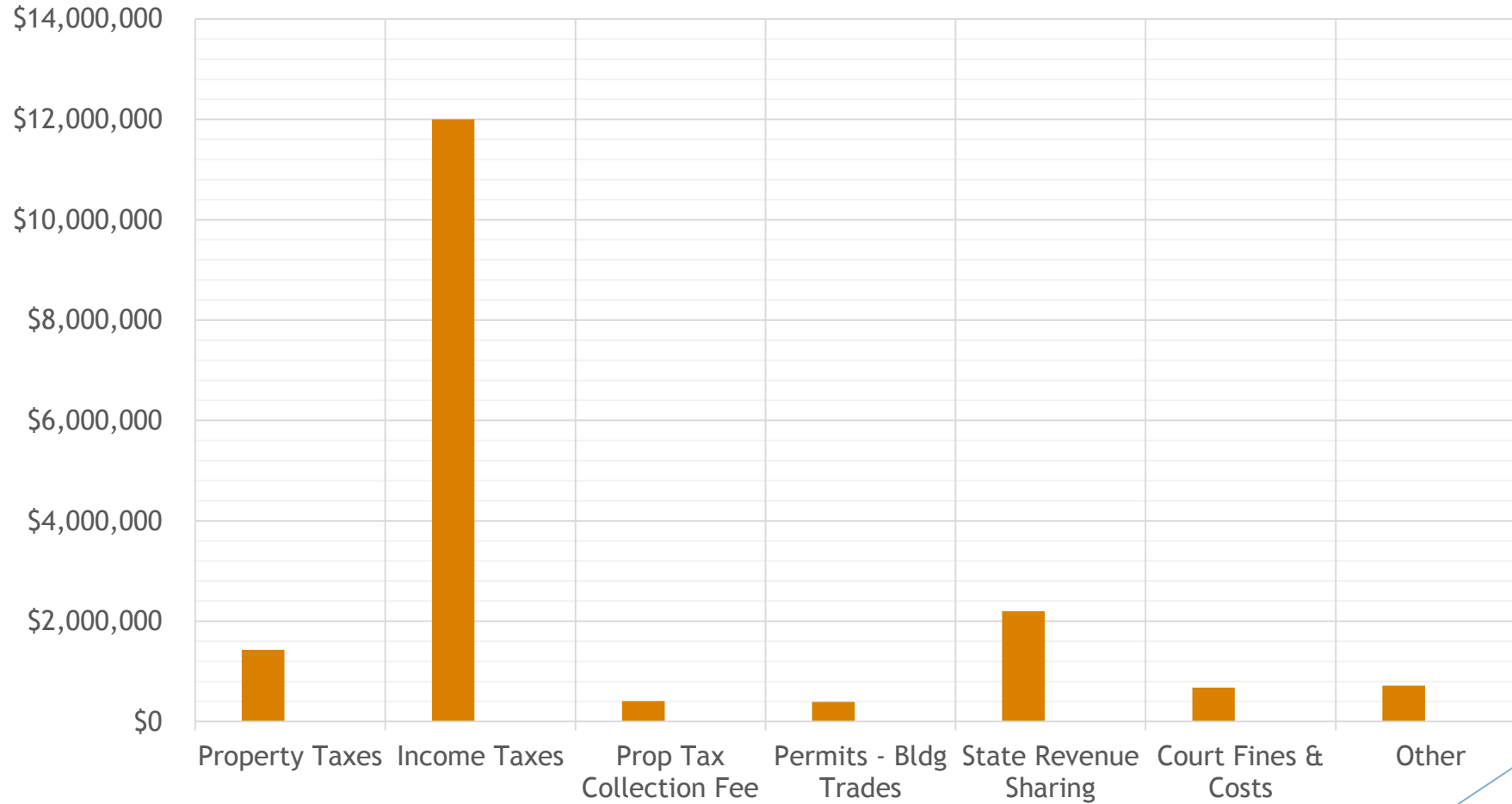
- Bond Payments:
 - No new debt is incurred.
 - Final payment on 20 year bond for City Hall/City Central Park improvements (May 2020) = \$626,685.
 - *** *The General Fund and Major/Local Street Funds are bond debt free as of May 2020 ****
 - Walker DDA continues to make annual bond payments on 2 different bonds:
 - 2015 Refunding Bond for M45/Wilson Intersection Improvement will be paid in full in May 2020.
 - 2017 Refunding Bond for Fire Station #2 will be paid in full in May 2023.
 - **NOTE:** DDA Bonds are paid with DDA captured property taxes (no impact on General Fund).
 - The Riverbend Watermain bond is payable through May 2023
 - Paid with special assessments collected from property owners within the district.

2019/2020 Budget - General Fund

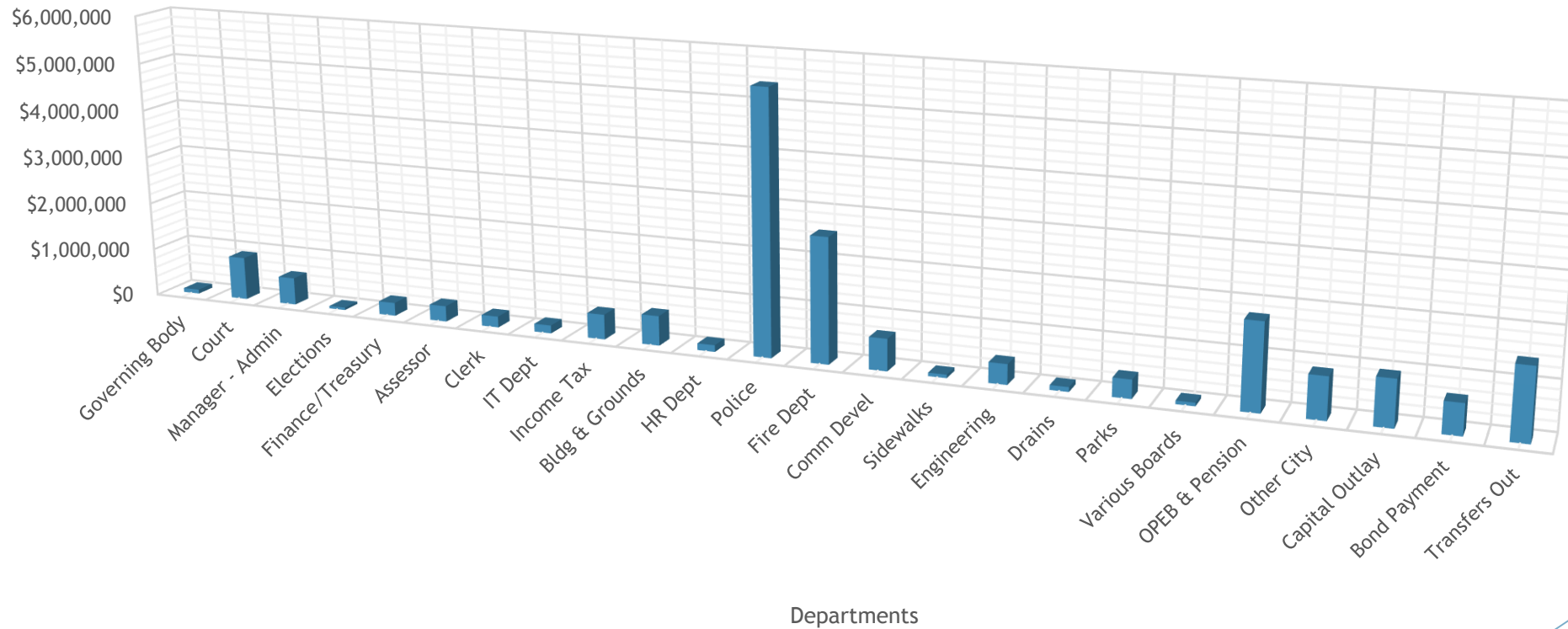
- ▶ The General Fund is the main fund of the City.
- ▶ The Fund's purpose is to account for all activities that are not required to be in a different fund.
- ▶ The Fund's main revenue sources are:
 - ▶ Walker Income Tax = 67%
 - ▶ State Shared Revenue (portion of Michigan sales tax) = 12%
 - ▶ Property Tax = 8%

→The following graphs are a look at the General Fund's proposed 2019/2020 budget

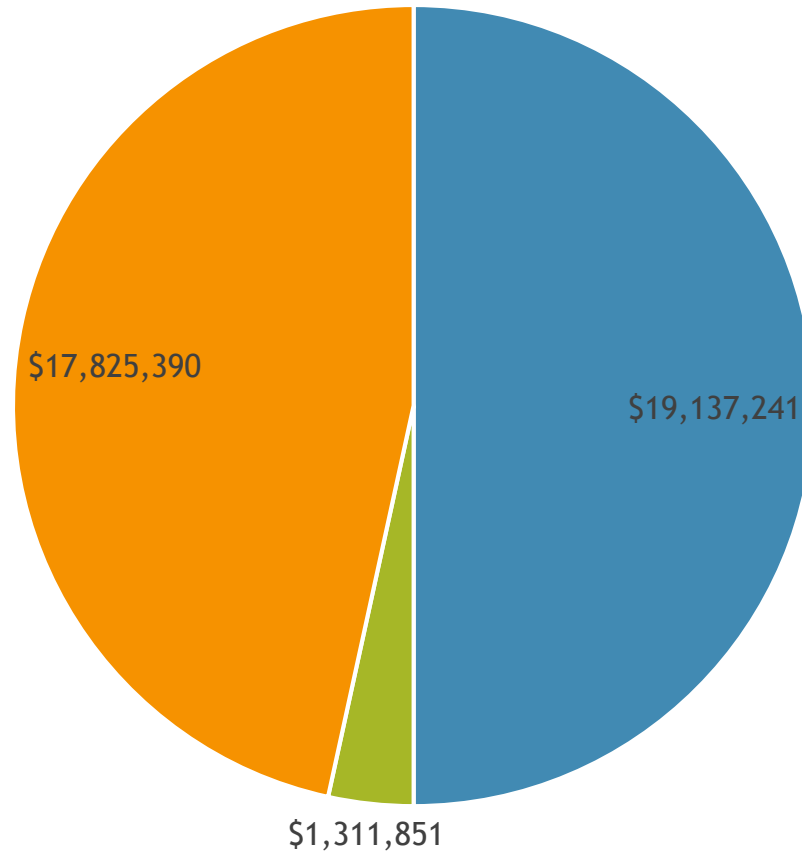
General Fund (Fund 101)
Fiscal Year 2019/2020 Budgeted Revenues
Total Budgeted Revenues = \$17,825,390



General Fund (Fund 101)
Fiscal Year 2019/2020 Budgeted Expenditures
Total Budgeted Expenditures = \$19,137,241



General Fund (Fund 101)
Budgeted Revenue, Expenditures & Use of Fund Balance
Fiscal Year 2019/2020



- Budgeted Expenditures
- Use of Fund Balance
- Budgeted Revenues

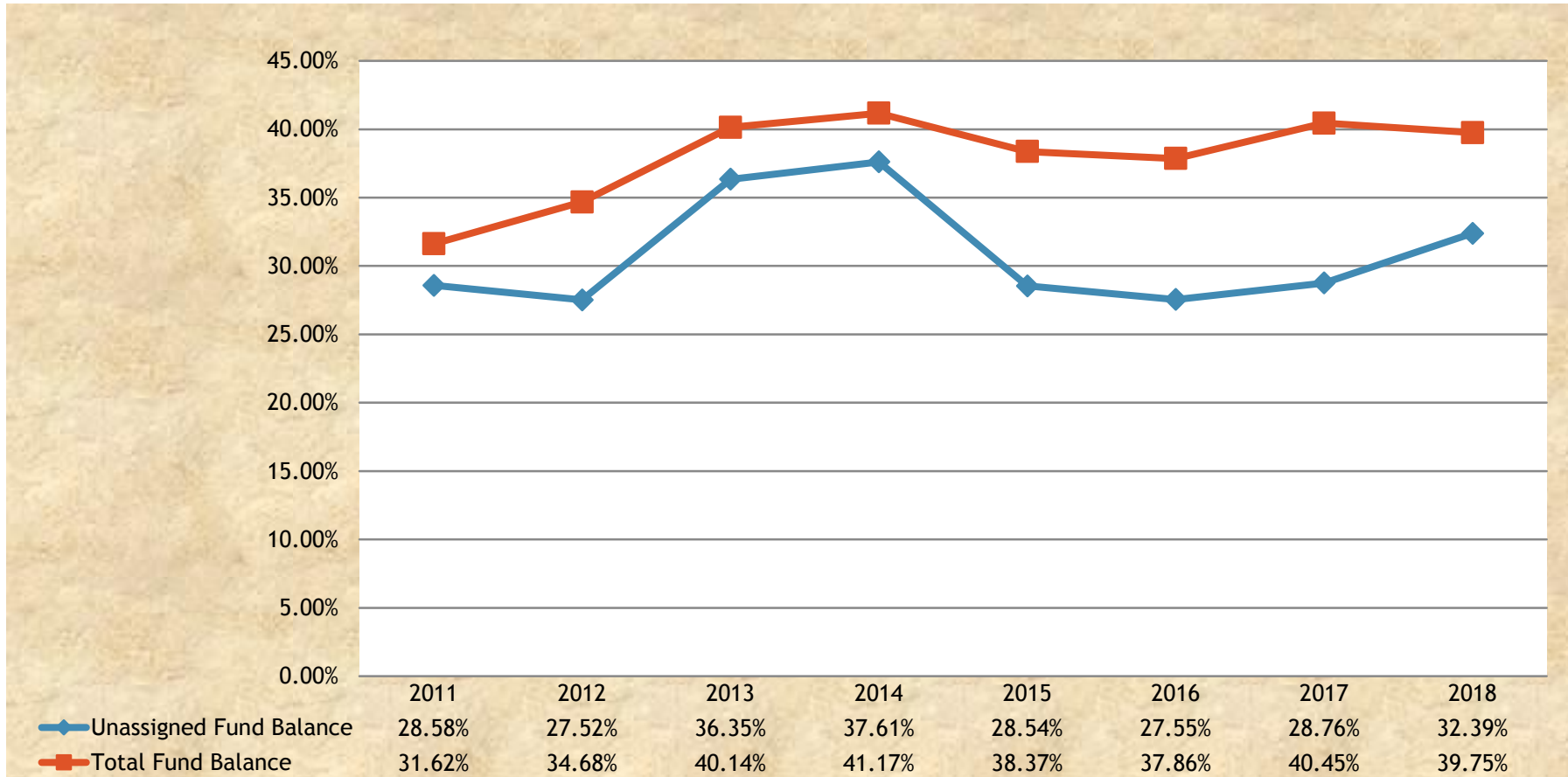
General Fund (Fund 101)
Fund Balance as Percentage of Fiscal Year's Expenditures & Transfers Out
Based on Proposed 2019/2020 Budget

June 30, 2018 Audited Fund Balance - Unassigned	\$ 5,748,378
June 30, 2018 Audited Fund Balance - Assigned - Subsequent Year Expenditures	<u>689,863</u>
TOTAL June 30, 2018 Audited Fund Balance - Unassigned & Assigned	\$ 6,438,241
Fiscal Year 2018/2019 Budgeted Transfer from Fund Equity (per Original 2018/2019 Budget)	(689,863)
Fiscal Year 2018/2019 Budgeted Transfer from Fund Equity (Add'l per Budget Amendments)	<u>(322,075)</u>
TOTAL Fiscal Year 2018/2019 Budgeted Transfer from Fund Equity	(1,011,938)
June 30, 2019 Projected Fund Balance - Unassigned	\$ 5,426,303
Fiscal Year 2019/2020 Budgeted Transfer from Fund Equity	<u>(1,311,851)</u>
June 30, 2020 Projected Fund Balance - Unassigned - PROJECTED	\$ 4,114,452
Fiscal Year 2019/2020 Budgeted Expenditures	\$ 19,137,241
% of Unassigned Fund Balance to Expenditures at 06/30/2020 (***) - PROJECTED	21.50%

*** Walker's Fund Balance Policy requires this amount to be a minimum of 15%

NOTE: The 21.50% is AFTER taking out the various set asides

General Fund (Fund 101)
History of Fund Balance as Percentage of Fiscal Year's Expenditures & Transfers Out
Fiscal Years Ending June 30, 2011 through June 30, 2018
Actual Amounts Taken from Annual Audit Reports



2019/2020 Budget - Other City Funds Requiring Approved Budgets per the State

- ▶ Fund 202 (Major Street Fund) - Accounts for Act 51 revenues (gas tax) from State of Michigan for major road activities.
- ▶ Fund 203 (Local Street Fund) - Accounts for Act 51 revenues (gas tax) from State of Michigan for local road activities.
- ▶ Fund 206 (Capital Equipment Fund) - This fund owns the city's vehicles/equipment and receives rental fees (revenue) from other city funds.
- ▶ Fund 260 (MIDC Fund) - Grant monies received to provide indigent defense attorney services at the Walker division of the 59th District Court per State guidelines.
- ▶ Fund 262 (Special Vice Fund) - Drug forfeiture and drunk driving money.
- ▶ Fund 494 (DDA Fund) - Walker Downtown Development Authority.
- ▶ Fund 510 (WIFC Fund) - Walker Ice and Fitness Center.
- ▶ Fund 810 (Revolving Fund) - Originally used to finance water/sewer improvement costs.

2019/2020 Budget Resolution

- ▶ Overall, the City has 24 different funds.
- ▶ The “Resolution to Adopt City of Walker Fiscal Year 2019-2020 Budget” you will be considering tonight contains the budgets for all the Funds that require formal approval per State regulations.
- ▶ Total 2019/2020 Budgeted Expenditures per the Resolution = \$25,932,421

General Fund	\$19,137,241
Major Street Fund	\$3,429,318
Local Street Fund	\$1,324,920
MIDC Compliance Fund	\$94,975
Special Vice Investigation Fund	\$79,000
Walker Ice & Fitness Center Fund	\$1,517,372
Downtown Development Authority Fund	\$349,595
TOTAL	\$25,932,421

2019/2020 Budget

- ▶ Questions?
- ▶ Clarifications?
- ▶ Comments?
- ▶ Discussion?

Thank you