



City of Walker

2021/2022 Fiscal Year Budget

Walker City Commission
Public Hearing
June 14, 2021

The 2021/2022 Budget was prepared using:

- Priorities established by the Walker City Commission.
- 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.

2021/2022 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.
- Acknowledge the continued veil of the COVID-19 pandemic.
- Revenues are overall conservative in nature, yet reflect reasonable amounts based on our understanding of current trends on our different revenue sources as the recovery from the pandemic continues forward.
- Expenditures were adjusted to better match the projected revenues. As a result, various projects and equipment purchases have been delayed and various set-aside contributions have been eliminated from the FY 2021/2022 budget. However, the budgeted level of expenditures will still allow the City to provide quality services and programs to the Walker community.

2021/2022 Budget Overview

➤ Revenues:

- Property Tax: The City's property tax millage rate remains at 1.336 mills (no change since 2000). The overall Taxable Value of properties in the City of Walker increased between property tax year 2020 and 2021 despite the pandemic.
 - ❖ FY 2021/2022 budget = \$1,580,000
- Walker Income Tax: The pandemic has had a negative impact on this revenue source. Unfortunately, the overall impact is still unclear and therefore we have budgeted a conservative amount for FY 2021/2022.
 - ❖ FY 2021/2022 budget = \$10,500,000
- State Revenue Sharing and Act 51 Revenues from the State of Michigan: State revenue sources reflect the State's Revenue Projections from May 2021.
 - ❖ FY 2021/2022 budget - State Revenue Sharing = \$2,156,000 (General Fund).
 - ❖ FY 2021/2022 budget - Act 51 = \$2,935,000 (combined Major & Local Street Funds).

American Rescue Plan Act of 2021 (ARPA)

- ▶ The City of Walker is slated to receive ARPA funds.
- ▶ Walker's portion of ARPA funds is estimated to be approximately \$2.4 million in total.
- ▶ Based on our population size, Walker is considered a Non-Entitlement Unit (NEU). US Treasury is distributing all NEU allocations to the NEU's state government. The state then disburses the appropriate amount to the NEU.
- ▶ NEU's receive 50% of their total allocation in the summer of 2021 and then the other 50% one year later.
- ▶ US Treasury has defined four broad categories in which ARPA funds may be utilized (allowable uses). Specific guidance on what is and is not allowable under these categories is still being finalized.
- ▶ Since ARPA funds do not have to be spent until December 2024, ARPA recipients have time to thoughtfully consider how to spend this unique resource.
- ▶ **NO ARPA FUNDS ARE INCLUDED IN THE CITY OF WALKER PROPOSED FY 2021/2022 BUDGET.**
 - ▶ *NOTE: Walker will account for APRA Funds in a separate fund (not General Fund) when received.*

2021/2022 Budget Overview

➤ Expenditures:

- 2.5% COLA / years of service adjustments.
- Website Upgrade = \$40,000.
- Income Tax Smart Scanner Machine = \$150,000.
- Continued commitment of making additional Pension liability payments = \$150,000.
- HVAC upgrades - Citywide = \$25,000.
- Parking lot repairs for various City properties = \$75,000.
- New Fitness Equipment for WIFC = \$20,000.

2021/2022 Budget Overview

➤ Expenditures:

- Major and Local road maintenance budget of \$800,000 for overlays.
 - \$400,000 for Major and \$400,000 for Local
- Multiple City-wide road construction projects = \$1,530,000.
 - Kinney Avenue Improvements between Waldorf and Three Mile Road = \$1,000,000
 - Total Project is estimated at \$2 million - spread over 2 fiscal years (FY 2021/2022 is Year 2)
 - Fruit Ridge/Northridge Signal Construction = \$450,000
 - Walker has received some private contribution monies towards this project
 - Alpine Avenue Resurfacing Project Design = \$80,000
 - Construction is anticipated in FY 2022/2023

2021/2022 Budget Overview

➤ Expenditures:

- Replacement of multiple vehicles and equipment for DPW, Police, Fire = \$793,000.
 - Single Axle Dump Truck with Swap Loader = \$250,000
 - Replacement of Landscaping Trailer = \$6,000
 - Miscellaneous DPW Equipment Replacements = \$10,000
 - Police Cruiser Replacements Including Equipment - 6 Chevy Tahoes - \$372,000
 - The 3 Tahoes that we intended to replace in FY 2020/2021 were not able to be delivered during the fiscal year due to pandemic production issues.
 - Fire Turnout Gear - 20 Sets = \$70,000 (this is an annual expenditure)
 - Tank Replacement on Fire Truck Tender #1 = \$60,000
 - Thermal Imager Unit for Fire Department = \$25,000

- NOTE: The rental rates charged by the Capital Equipment Fund (Fund 206) to DPW, Police and Fire have been adjusted for the FY 2021/2022 budget.

2021/2022 Budget Overview

➤ Set Asides (saving for future “big ticket” items):

- No addition to Facilities Sinking Fund for a total of \$402,000 at 06/30/2022.
- No addition to OPEB Set Aside Fund for a total of \$301,000 at 06/30/2022.
- Add \$ 50,000 to WIFC Capital Improvement Set Aside for a total of \$208,000 at 06/30/2022.

➤ Transfers From General Fund to Other Funds:

- \$ 400,000 to Major Street Fund for Operations and Projects.
- \$ 350,000 to Local Street Fund for Operations and Projects.
- \$ 450,000 to WIFC for Operations and Capital Reserve Set Aside.
- \$ 30,000 to 2009 SAD Bond Fund (Riverbend Water).

2021/2022 Budget Overview

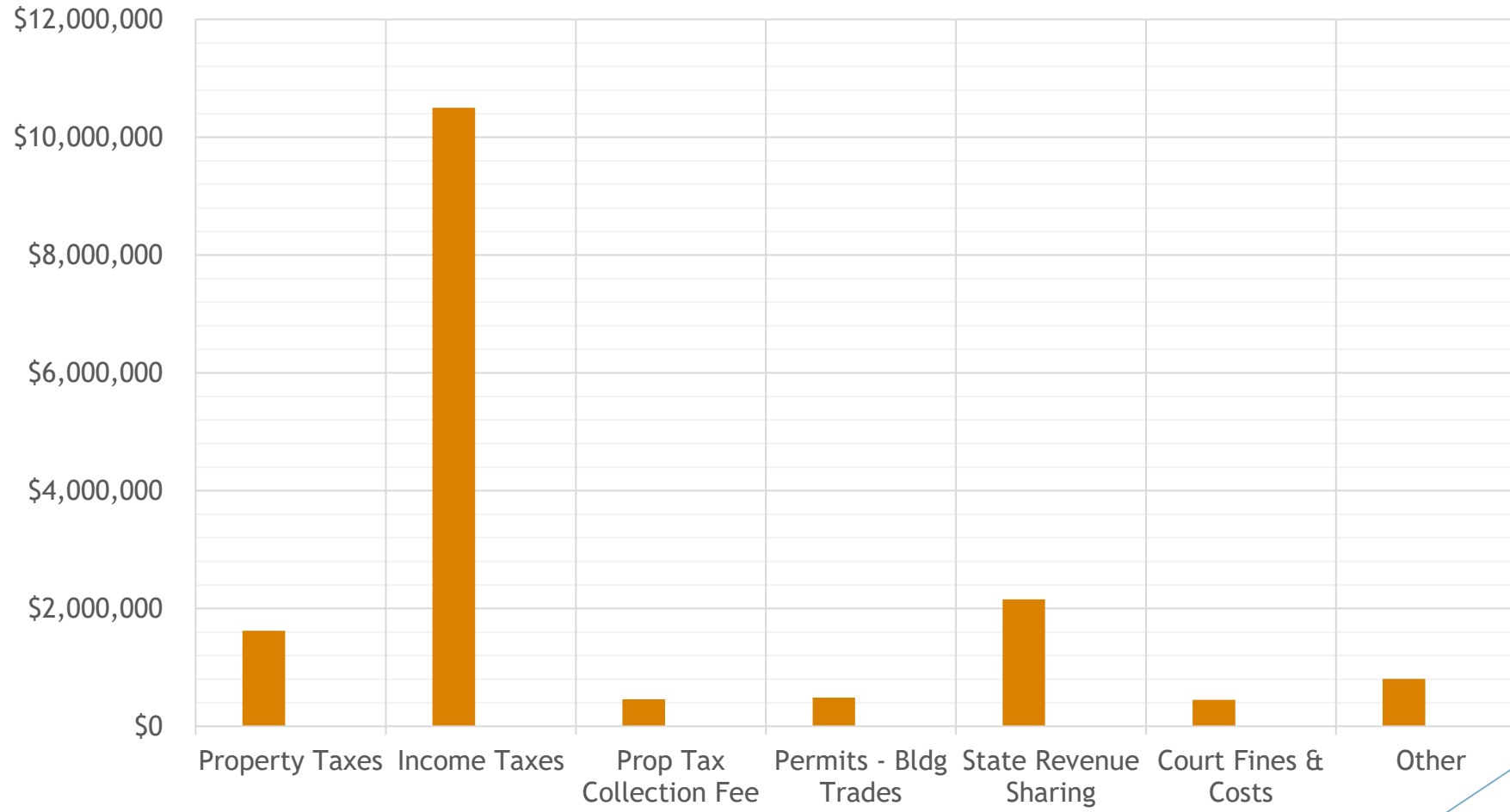
- Bond and Debt Payments:
 - No new bond debt is incurred.
 - The General Fund and Major/Local Street Funds are currently bond debt free.
 - The Capital Equipment has a 3-year IPA for the Fire Aerial Platform Truck = \$1,189,000.
 - FY 2021/22 Payment = \$412,971 (Payment #2 of 3)
 - Walker DDA continues to make annual bond payments for Fire Station #2.
 - Remaining balance equals approximately \$372,340.
 - Bond 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.
 - Remaining balance equals approximately \$95,500.
 - General Fund will help cover a cash timing shortage for FY 2021/2022 bond payment.

2021/2022 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 = 64%
 - ▶ State Shared Revenue (portion of Michigan sales tax) = 13%
 - ▶ Property Tax = 10%

→The following graphs are a look at the General Fund's proposed 2021/2022 budget

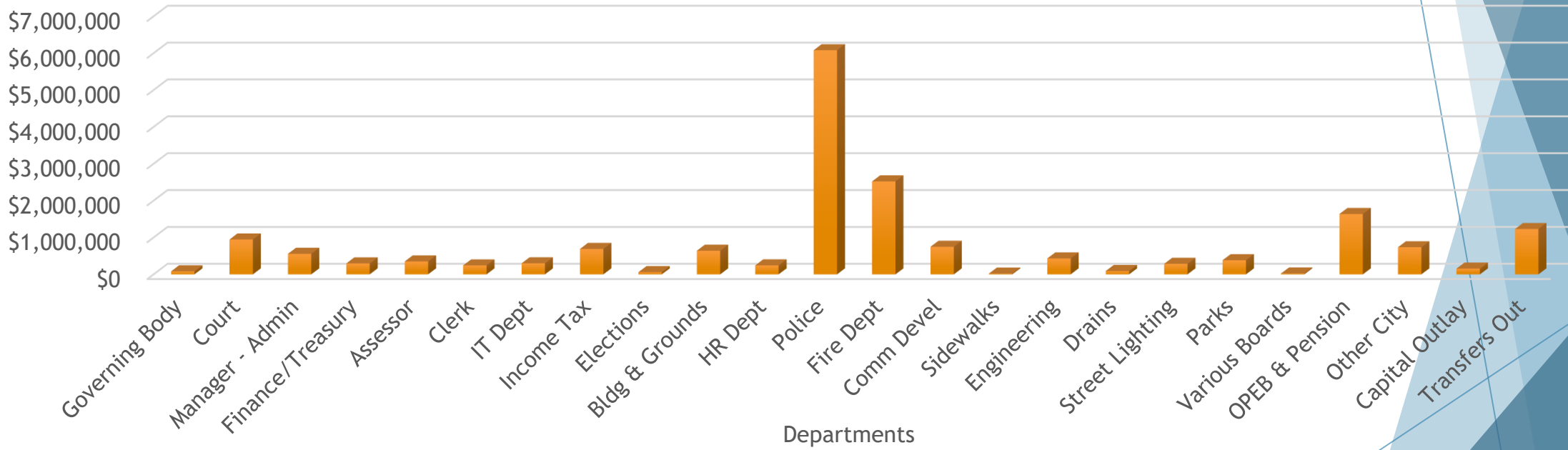
General Fund (Fund 101)
Fiscal Year 2021/2022 Budgeted Revenues
Total Budgeted Revenues = \$16,477,405



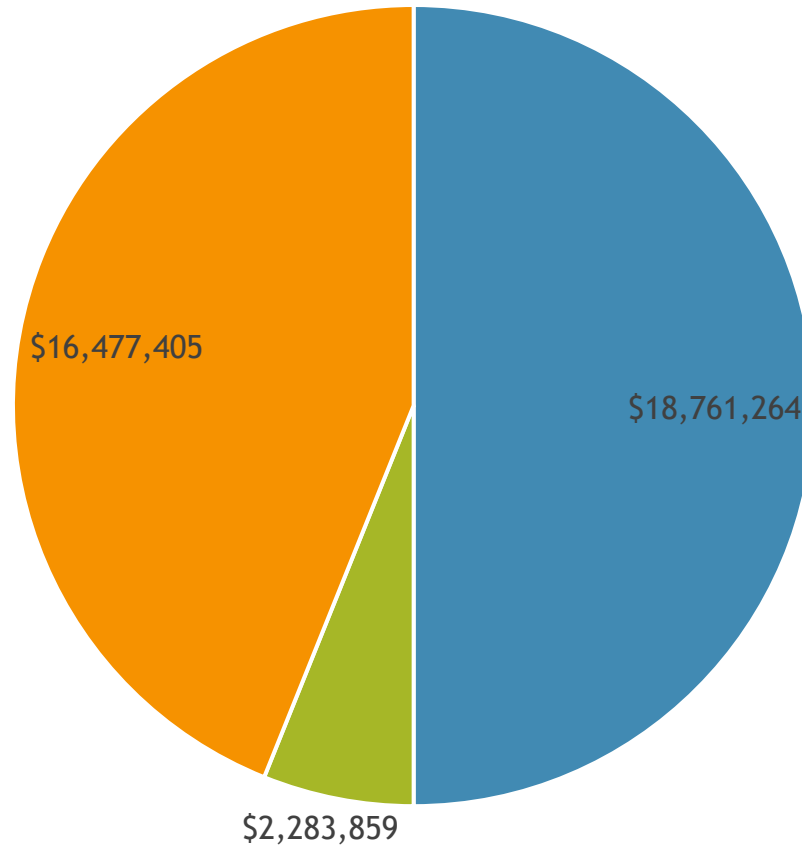
General Fund (Fund 101)

Fiscal Year 2021/2022 Budgeted Expenditures

Total Budgeted Expenditures = \$18,761,264



General Fund (Fund 101)
Budgeted Revenue, Expenditures & Use of Fund Balance
Fiscal Year 2021/2022



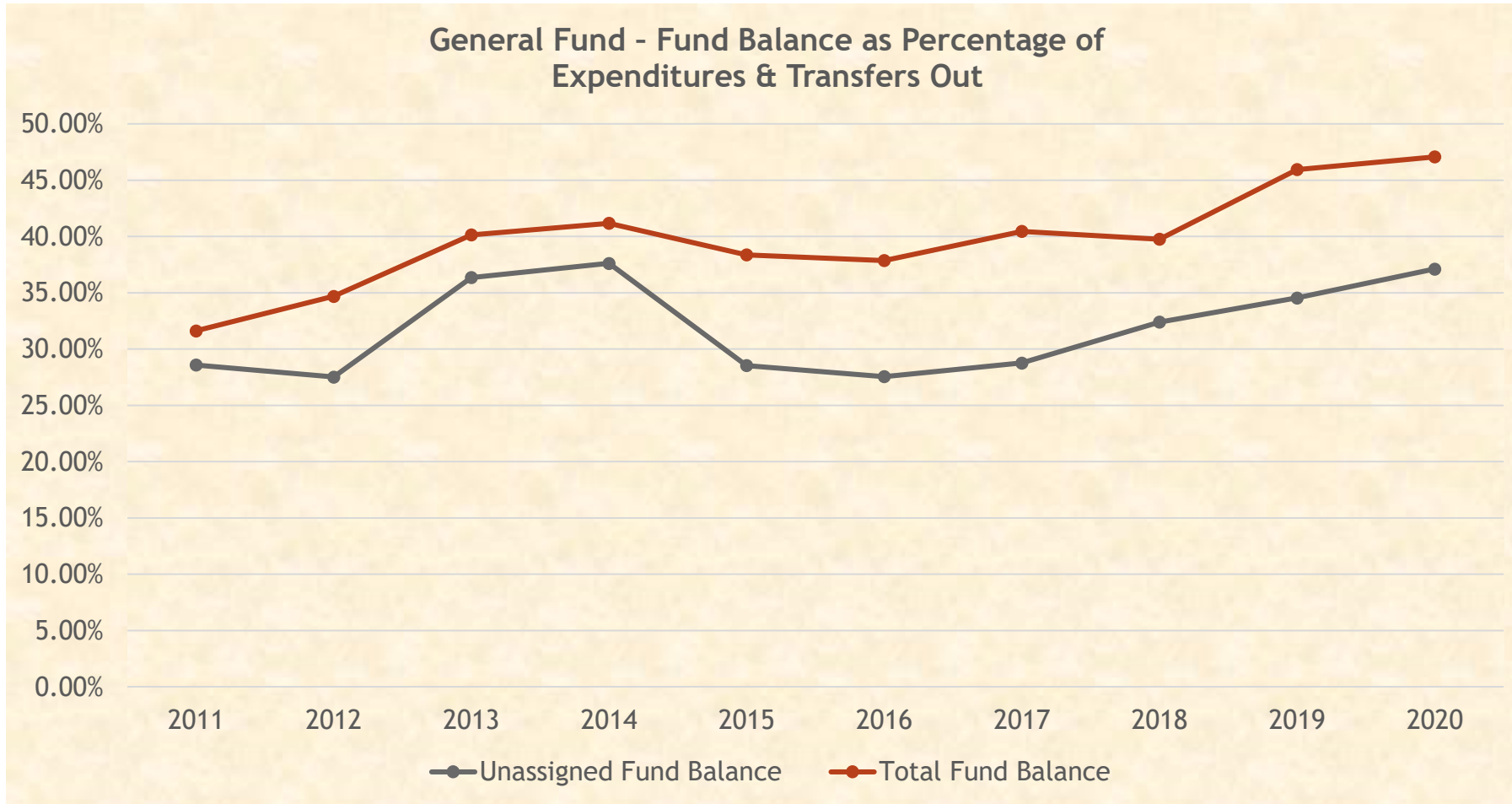
- Budgeted Expenditures
- Use of Fund Balance
- Budgeted Revenues

General Fund (Fund 101)
Fund Balance as Percentage of Fiscal Year's Expenditures & Transfers Out
Based on Proposed 2021/2022 Budget

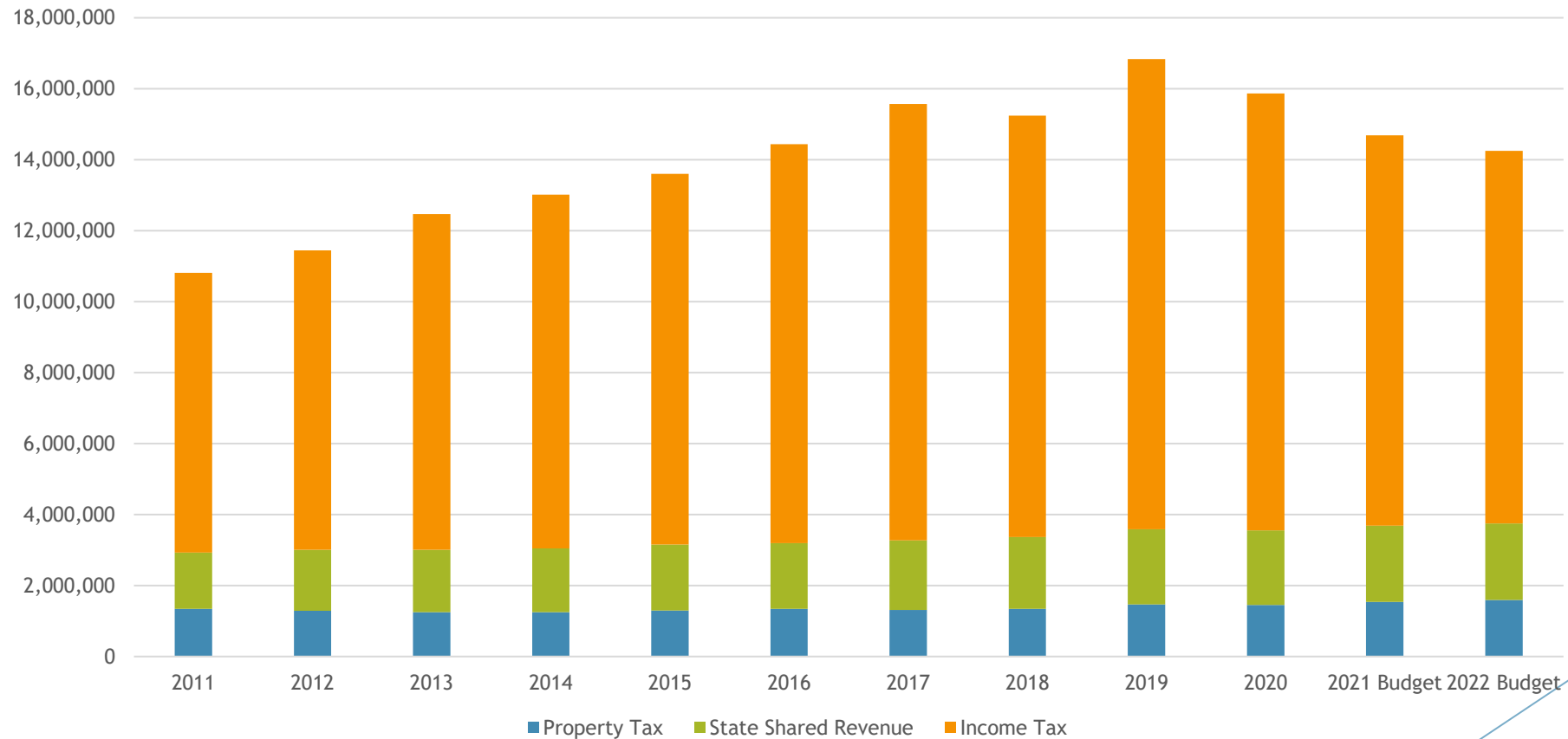
June 30, 2020 Audited Fund Balance - Unassigned	\$ 6,806,966
Fiscal Year 2020/2021 Budgeted Transfer from Fund Equity	<u>(1,424,426)</u>
June 30, 2021 Projected Fund Balance - Unassigned	\$ 5,382,540
Fiscal Year 2021/2022 Budgeted Transfer from Fund Equity	<u>(2,283,859)</u>
June 30, 2022 Projected Fund Balance - Unassigned	\$ 3,098,681
Fiscal Year 2021/2022 Budgeted Expenditures	\$ 18,761,264
% of Unassigned Fund Balance to Expenditures at 06/30/2022 (***) - PROJECTED	16.52%

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

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, 2020
Actual Amounts Taken from Annual Audit Reports



Summary of Walker's Three Main Revenue Sources for FYE 2011 - 2022



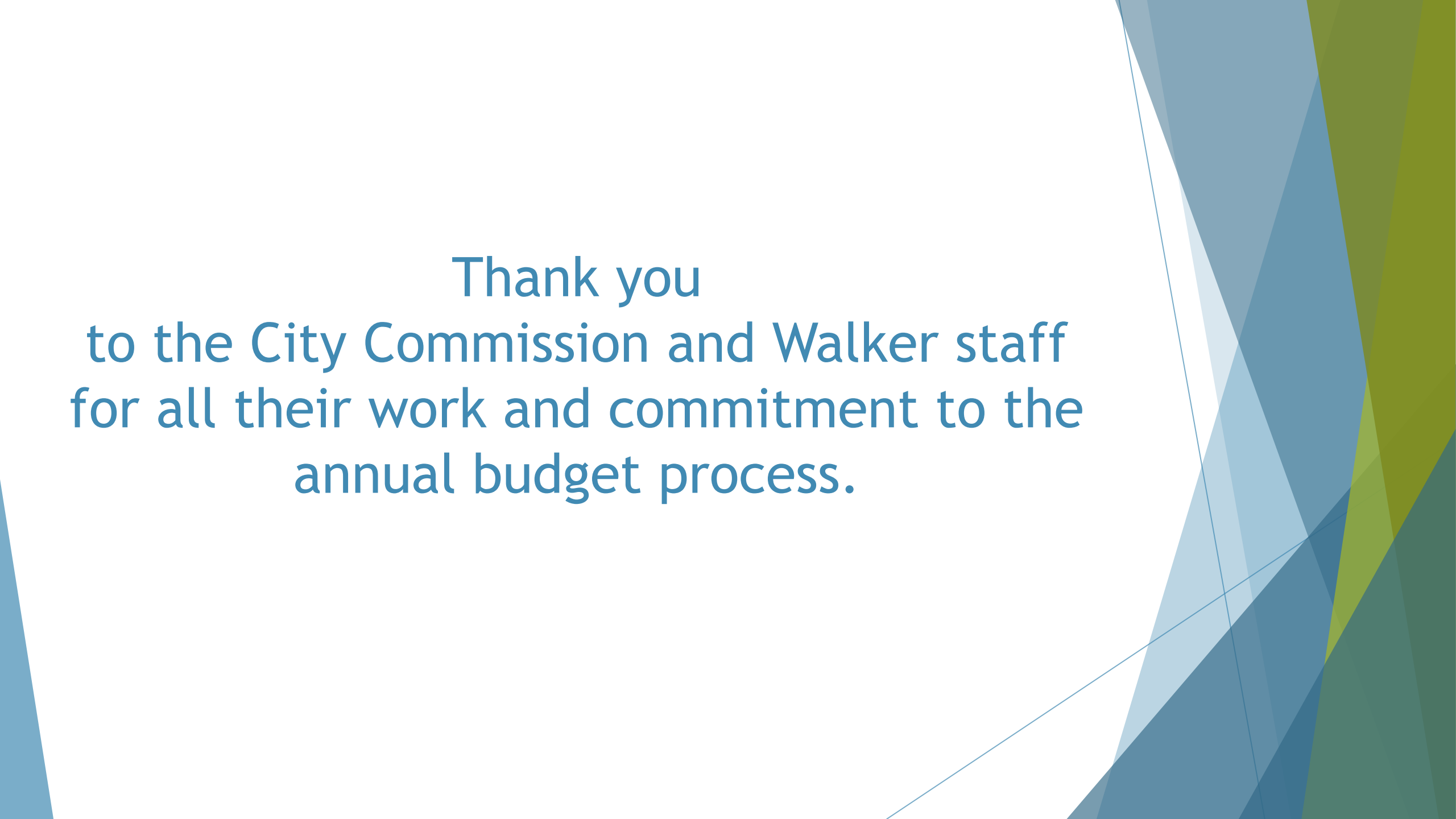
2021 / 2022 Budget - Other City Funds

- ▶ 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 262 (Special Vice Fund) - Drug forfeiture and drunk driving money.
- ▶ Funds 450-454 (Brownfield Redevelopment Funds) - Brownfield Projects.
- ▶ Fund 494 (DDA Fund) - Walker Downtown Development Authority.
- ▶ Fund 495 (DDA Streetscape) - Streetscape Special Assessment for Standale area.
- ▶ Fund 510 (WIFC Fund) - Walker Ice and Fitness Center.
- ▶ Fund 810 (Revolving Fund) - Originally used to finance water/sewer improvement costs.
- ▶ Fund 853 (2009 SAD Debt) - Watermain Special Assessments for Riverbend area.

2021/2022 Budget Resolution

- ▶ Overall, the City has 22 different funds.
- ▶ The “Resolution to Adopt City of Walker Fiscal Year 2021-2022 Budget” that you will be considering tonight contains the budgets for all the Funds that require formal approval per State regulations.
- ▶ Total 2021/2022 Budgeted Expenditures per the Resolution = \$25,435,117

General Fund	\$18,761,264
Major Street Fund	\$3,690,312
Local Street Fund	\$1,190,852
Special Vice Investigation Fund	\$6,000
Walker Ice & Fitness Center Fund	\$1,311,119
Downtown Development Authority Fund	\$475,570
TOTAL	\$25,435,117



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

2021 / 2022 Budget

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

Thank you