

Budge sense – It coming soon – get prepared for it!

The annual City Budget is an extensive collection of data – not necessarily published in an easily digestible format. It takes some research and often a look back in time to see a true picture of our financial health and what changes have occurred over time. I like data and statistics, to compare values – to get a factual picture of where we are today. Bear with me as I take direct quotes from the most current Budget (2018 – 2019) and lift some from past documents (all referenced).

*The City has very little ability to raise new revenues in the General fund which presents a significant challenge. The City is currently levying the maximum operating millage allowed at 17.7612 mills. The City Charter authorizes 20.00 mills, but this has been reduced over the years by Headlee millage rollbacks. (Page 33, 2018 – 2019 Budget). **The total millage is 18.9112 when the Refuse millage of 1.15 is added in and has remained constant since 2015 when .46 mills as added to hire a 13th Police Officer out of a need for Public Safety. The total millage was 18.45 from 2007 through 2014. A history of millage rates can be found on page 162 of the 2018 – 2019 Budget.***

Tax Revenue: Property tax and related revenue increased \$14,632 or 0.4% from the prior year budget. This category includes taxes, penalties and interest and the administration fee. Taxable value in the City showed a slight increase as property values and assessments rise. (page 34, 2018 – 2019 Budget)

Sales, Fees & Charges: These revenues increased \$57,300 or 11.6% from the prior year budget. This revenue relates to business registrations, franchise fees, charge for services and sales. *The increase is driven by medical marijuana fees, higher fees from the DDA and higher transport fees.* (page 34, 2018 – 2019 Budget)

| 000 - Revenue | 2016-17 ACTIVITY | 2017-18 BUDGET | 2017-18 PROJECTED | 2018-19 BUDGET | 2019-20 PROJECTED | 2020-21 PROJECTED | 2021-22 PROJECTED |
|---|-----------------------------|---------------------------|------------------------------|---------------------------|------------------------------|------------------------------|------------------------------|
| CHARGE FOR SERVICE | 31,017 | 60,000 | 60,000 | 78,000 | 79,560 | 81,151 | 82,774 |
| A nearly \$47,000 increase in two budget years – what is this and why the unusual growth? | | | | | | | |
| CHARGE FOR SERVICE - TRANSPOR | 271,460 | 290,000 | 290,000 | 300,000 | 309,000 | 318,270 | 327,818 |
| Charges from EMS for EMS service, Basic, and Advanced Life Transport (resident Insurance only). These charges apply only to non-residents and the “soft billing” implemented in 2014 without authorization of Council was rescinded. It is unlikely these revenues will be met. | | | | | | | |
| CHARGE FOR SERVICE - LOCAL ST | 83,430 | 147,000 | 147,000 | 135,000 | 141,750 | 148,838 | 156,279 |
| CHARGE FOR SERVICE - MAJOR ST | 212,180 | 332,500 | 296,000 | 326,000 | 342,300 | 359,415 | 377,836 |
| CHARGE FOR SERVICE - REFUSE | 89,306 | 118,347 | 115,510 | 141,192 | 145,966 | 151,974 | 158,320 |

As State ACT 51 revenue has risen, so have the City’s “Charge for Service” for Local and Major Streets. In two short years the City has increased the “Charge for Service” by \$51,570 for Local Streets and \$113,820 for Major Streets. Is there a rationale for these charges, or do we just take what we need for other General Fund expenses from the Street Funds?

Refuse: At the end of the 2004-2005 fiscal year, the fund had a fund balance of \$515,645. As part of the budget discussion the next year, it was decided to lower the millage rate from 2.0 to 1.5 (and eventually to the current 1.15) to start reducing the high level of fund balance. In the intervening years, the taxable value of the City declined significantly, the refuse contract included an annual escalator and user rates were not always adjusted sufficiently each year due to concerns about the impact on customers. As a result, the refuse fund ran a planned annual deficit and fund balance was drawn down as anticipated. The drawdown has been completed for a few years and annual user fee increases have been implemented. A 14.6% rate increase this year is needed to offset increased contractual and recycling costs and stabilize fund balance. (page 139, 2018 – 2019 Budget)

Expense Charge (page 141, 2018 – 2019 Budget)

| | | | | | | | |
|------------------------|---------------|---------------|---------------|----------------|----------------|----------------|----------------|
| YARD WASTE CITY | 41,640 | 82,723 | 82,724 | 100,493 | 104,514 | 108,694 | 113,043 |
|------------------------|---------------|---------------|---------------|----------------|----------------|----------------|----------------|

The City charge \$58,853 more for Yard Waste in the 2018 – 2019 Budget than it did in 2016 – 2017. The City took over this “service” as a cost saving measure, but I’m sure it could be more economically contracted at this point. Would be nice to see some documentation to support these expenses to the Refuse Fund or figure out how we so badly underestimated the cost savings by doing it “in house.” The yard Waste City expense in 2011 was \$19,000 and the contract cost was \$23,373 (a total of \$43,373). (page 104, 2011 – 2012 Budget). Yard Waste Charge for Service in the 2014 – 2015 Budget was \$21,840 (page 26, 2014 – 2015 Budget). **From \$19,000 in 2011 to over \$100,000 in 2018.**

Paine Pool Appropriation: (A “Backdoor Millage?”)

*What about the 2008 agreement between the City and MAPS regarding the Community pool? Annually the City contributes \$40,000 (.21 mills equivalent) toward the community pool. Was this the right decision to make in 2008? What I can say for sure is that absent the City stepping up to the plate the community philanthropist would have not donated the funds for the pool construction and if the City removes the \$40,000 contribution, it would significantly hamper pool operations. What will be the right decision four years from now? Should the City continue to fund the pool then? (pag6, 2014 – 2015 Budget) **City Manager Quote from the 2014 – 2015 Budget***

This will be up for discussion/renewal in the 2019 – 2020 Budget as the Contract has expired. Residents get a 50% reduction in fees because of this contribution from the taxpayers. How many residents are pool members and what is our cost per member? How has this money been spent or accounted for? What happened to the “Friends of Paine Pool” endowment fund that was going to fund this expense at the end of the 10 contract signed by the City? Why is this not a millage voted by the taxpayer? The City can “appropriate” funds to maintain the High School swimming pool from your tax dollars but proposes an added millage to maintain your streets – think about it.

Audit – (2018 ending June 30, 2018)

Interesting that my replacement “got to read an Audit for the first time” this year. Audits are on the City website for review for multiple years. Audits are a report of City finances and compliance with State and Federal accounting guidelines, not a reflection of prudent spending or staff being “frugal” with tax dollars. No mention of the \$3.6 million unfunded liability for pensions in the Council session. Not one question was posed. Might be because few Council members took the time to read it in any detail – a 196-page Agenda takes some time to read and research. The Audit Committee got the draft audit November 12th – but the remaining Council members were left in limbo until the agenda was posted November 29th.