

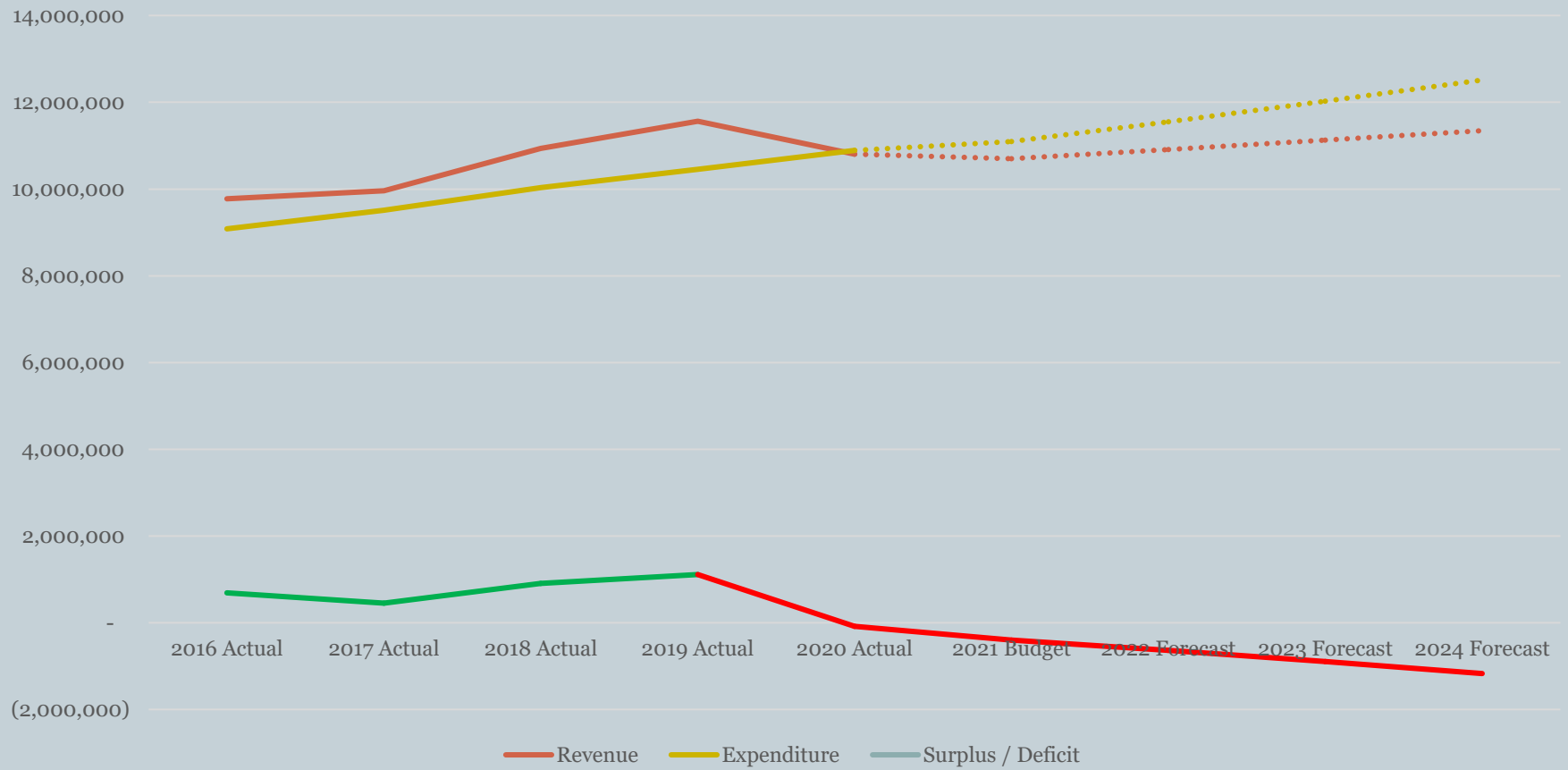


2022 Budget

General Fund



General Fund Budget History



General Fund



Ending Fund Balance



General Fund Deficit Growth



• 2021 Deficit	397,377
• 2022 Deficit	<u>1,212,474</u>
• Increase	815,097
• Pension Contribution	163,845
• Health Insurance*	180,321
• Transfer to capital	211,439
• Salary increases	<u>148,813</u>
• Total	704,418

General Fund Stressors



- Declining cable franchise fee
 - Continued trend of going to internet only
- Flat EIT and Real Estate
- Annual increase in personnel and other costs
- Pension
 - Updated mortality tables
- Stormwater
 - No major revenue stream to fund MS4 and other projects
- General Fund and Capital Reserve
 - Average of \$188,000 per year contributed by unrestricted capital fund
 - ✦ Unrestricted capital fund is nearing depletion
 - Average of \$67,000 per year contributed by general fund

General Fund Strengths / Opportunities



- **Healthy General Fund balance**
 - \$4.5 million as of 12/31/20
 - 41% of operating budget
- **Pension Funds**
 - Performance exceeding assumed rate of return
- **OPEB fund**
 - Returns and retiree premiums paying for post retirement healthcare

General Fund Strengths / Opportunities



- **ARP Funds**
 - Opportunity to replace lost revenue or initiate certain projects
- **Debt Service**
 - Mill rate exceeds needs
 - Projected fund balance of \$128,689 on 12/31/21
 - Debt service fully retiring in 2025
 - ✦ Millage can be repurposed starting in 2023
- **Golf course lease**
 - Revenue currently flows into debt service fund
- **Library debt**
 - Retiring soon and .072 mills can be repurposed to general fund in 2023

General Fund Observations



- Structural budget deficit is noticeable and growing
- Traditional areas of concern such as pension fund and post retirement healthcare are stable
- Stormwater will need more funding
- Future opportunities exist to:
 - Repurpose debt service millage or finance projects
 - Repurpose library millage
 - Utilize general fund balance if structural deficit is addressed
- A strategic/financial plan should be developed

Observations on Other Funds



- **Emergency Services Fund**
 - Small structural deficit being filled by fund balance
 - Request from LPFD for significant increase in funding
- **Library Fund**
 - No significant change
- **Capital Fund**
 - Now reliant on General Fund and golf course lease payment
 - Technology Upgrades
 - Body worn cameras
 - Firearms/holster replacement
 - Tasers (2nd of 5 payments)
 - Police cruiser replacements
 - Fire marshal vehicle replacement
 - Dump truck and plow replacement
 - Gunite projects

Observations on Other Funds



- **Parks and Recreation Fund**
 - Increase for contracting of mowing
 - General fund contribution needed to address small deficit
- **Debt Service Fund**
 - Millage too high
 - 2021 budget plan to transfer funds from debt service fund to general fund is not allowed
 - Redirecting golf course lease payment to capital reserve
 - Sufficient fund balance to handle deficit
- **Liquid Fuels**
 - Multiple expenses moved to liquid fuels over time to ease pressure on general fund

Budget Changes



- Trash costs reduced with plan to include pickup of Township trash by winning bidder
- Mowing to be outsourced increasing costs in P&R fund

Summary



- Townships finances are on solid footing, but on the wrong trajectory
- Recommend a strategic/financial plan to prioritize and fund services
- The tax increase in 2021, while helpful, was insufficient and a growing structural deficit remains
- Failure to eliminate the structural deficit will result in depletion of the general fund balance in the coming years

Proposed Timeline



- October 21 – Further budget discussions if needed
 - November 4 – Tentative budget approval
 - November 8 – Advertise budget (minimum 20 days before final adoption)
 - December 2 – Budget adoption
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- Dates can be extended and meetings added as long as a tentative budget is passed 20 days before final adoption
 - Budget can be reopened in January because this is a municipal election year