

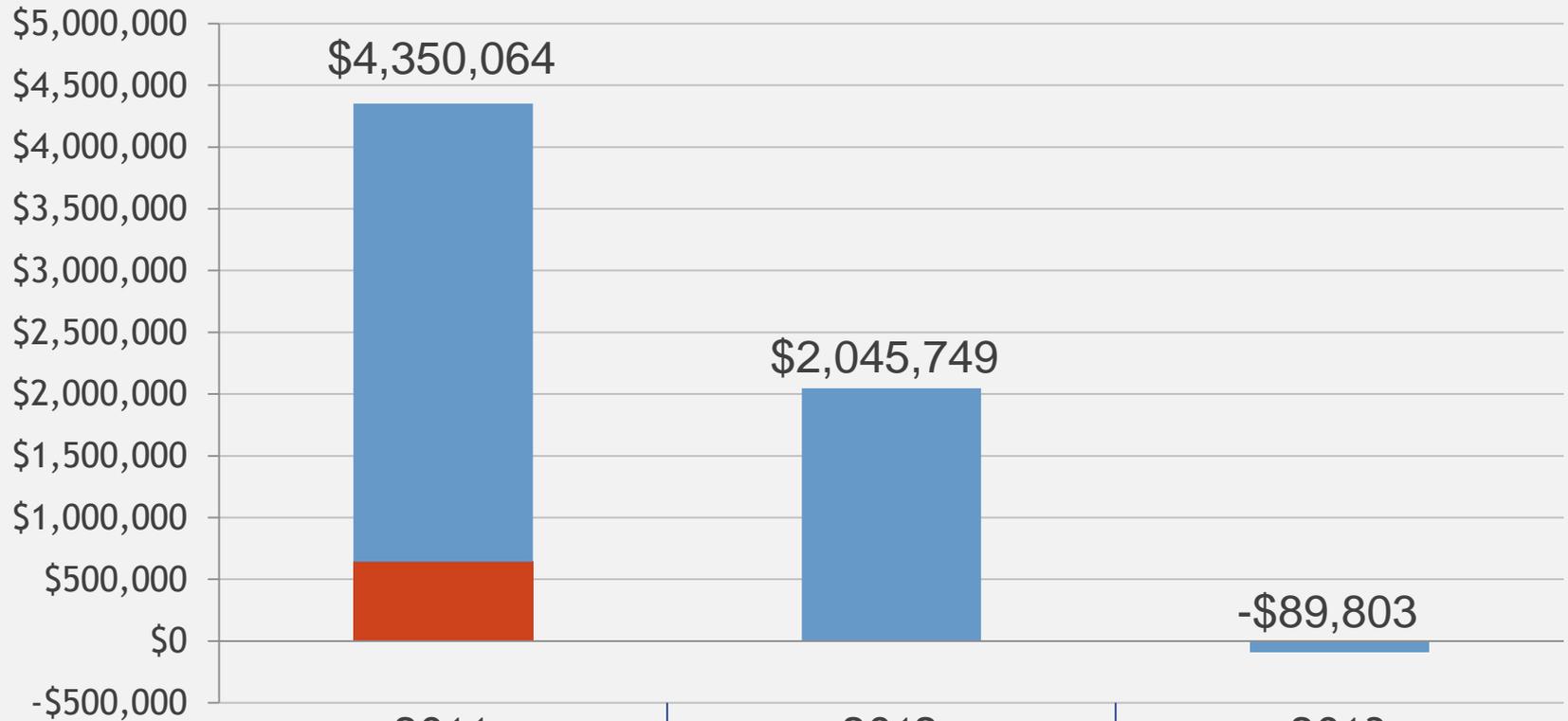
plantemoran.com



■ City of Lincoln Park
Audit Presentation to the City Council

FOR YEAR ENDED JUNE 30, 2013

City of Lincoln Park Combined General Fund Balance (Deficit) Years Ended June 30

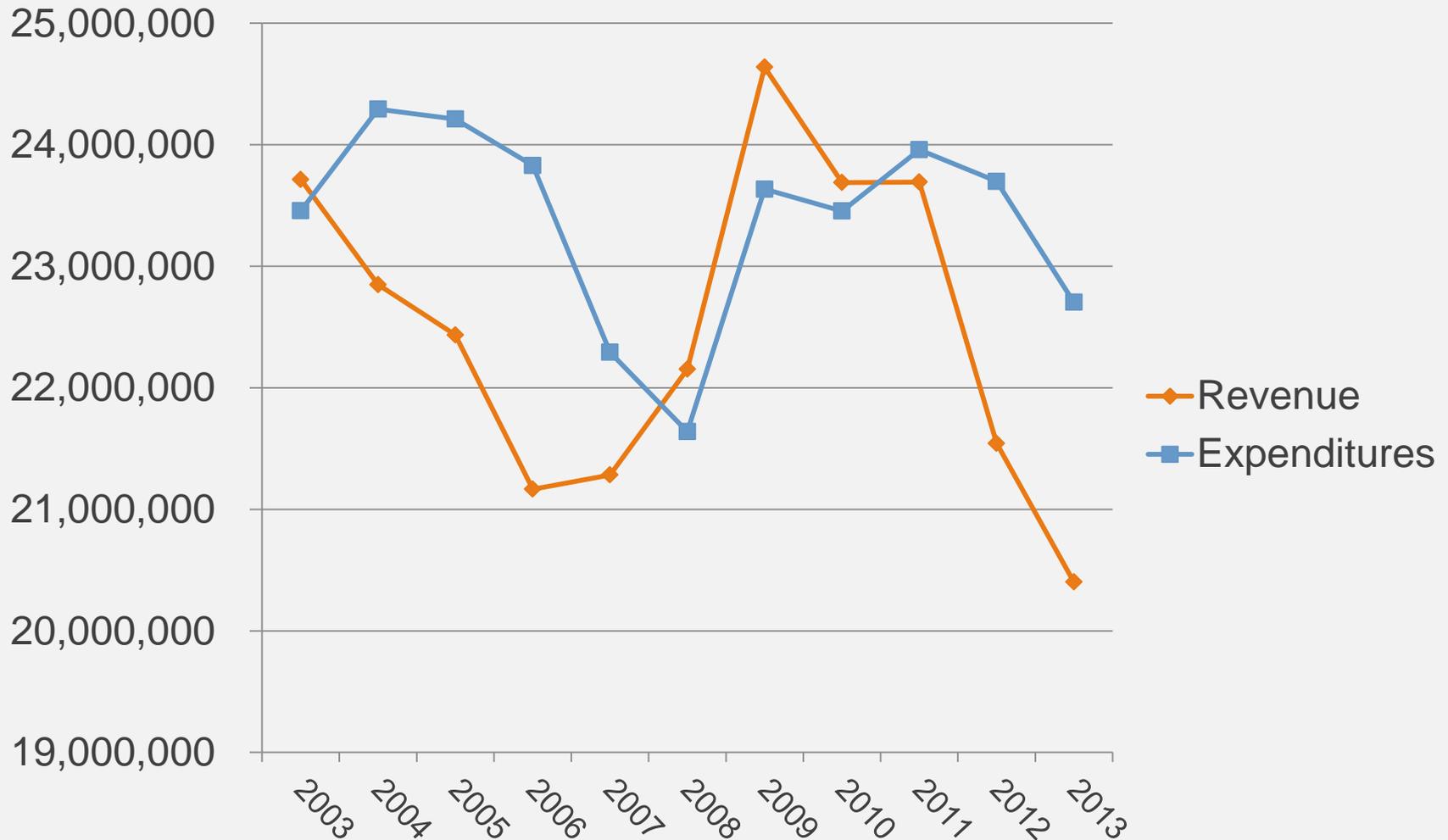


■ Unassigned	\$3,708,396	\$2,045,340	-\$91,426
■ Restricted	\$2,780	\$409	\$1,623
■ Nonspendable	\$639,888	\$0	\$0

What is Fund Balance?

- ☐ Literally, the mathematical difference between assets and liabilities
- ☐ Not always spendable
 - ☐ Restrictions
 - ☐ Not all cash - some receivables or interfund balances
- ☐ How much fund balance should we have?
- ☐ What happens if we have a deficit?
 - ☐ Cash flow concerns
 - ☐ Deficit elimination plan requirements
 - ☐ Emergency financial manager concerns

City of Lincoln Park Combined General Fund Revenues and Expenditure History



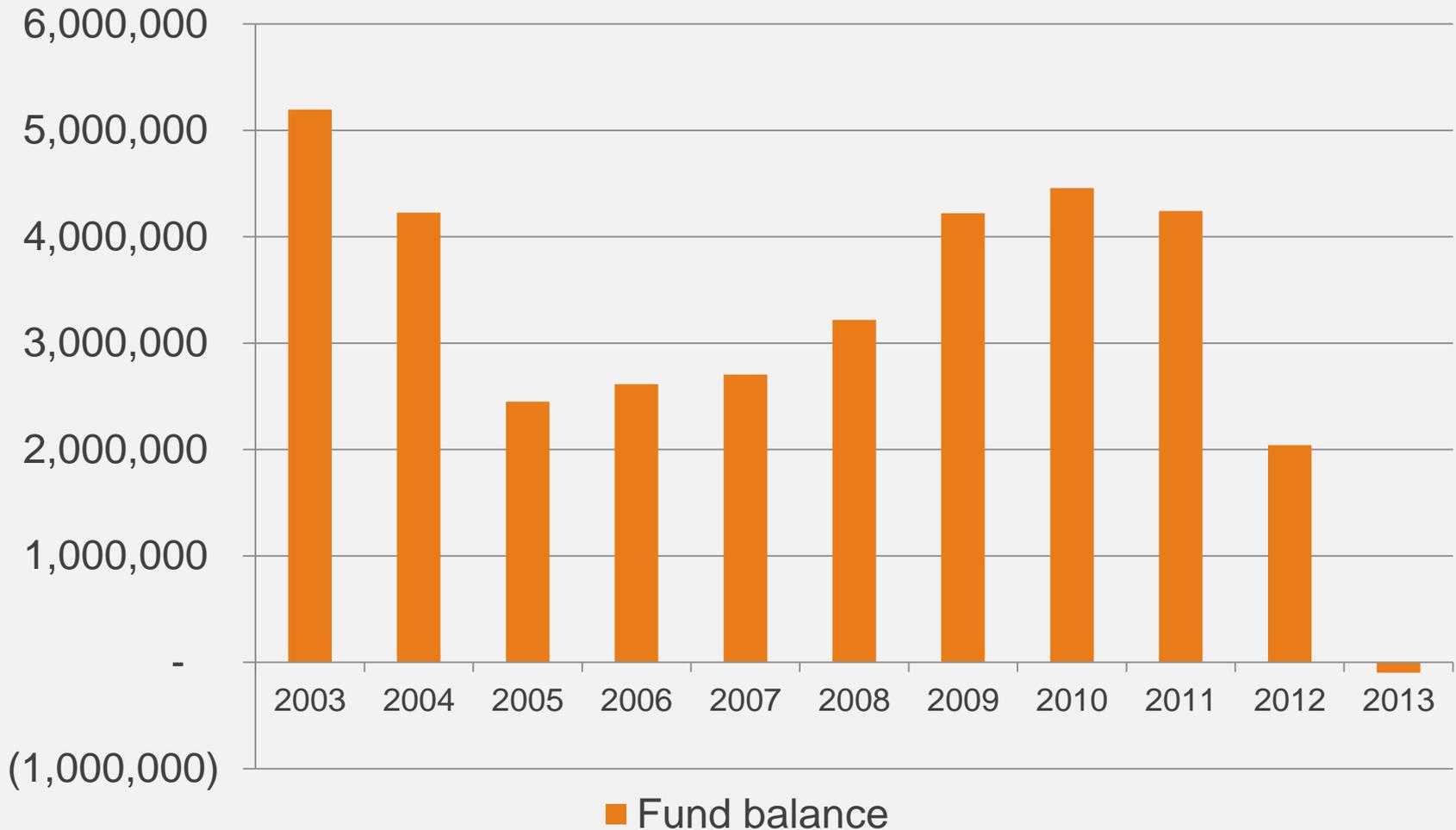
City of Lincoln Park Combined General Fund Fund Balance Trends

General Fund financial condition for the year ended June 30, 2013:

- Used approximately \$2.14 million of fund balance
- Deficit of approximately \$90,000
- Received a \$2.5 million advance from the W&S Fund
- DDA returned tax captures of approximately \$240,000

Key figures:	2008	2009	2010	2011	2012	2013
Net increase (decrease) in fund balance	\$ 513,963	\$ 1,003,144	\$ 234,589	\$ (213,957)	\$ (2,202,952)	\$(2,135,552)
Unassigned fund balance	2,590,117	3,927,152	4,077,668	3,708,396	2,045,340	(91,426)
Increase (decrease) in property tax revenue as compared to the prior year	674,000	2,940,000	(38,000)	(1,099,000)	(2,294,000)	(939,674)

City of Lincoln Park Fund Balance History - General Fund (Budget Basis)



City of Lincoln Park 2013-14 projection

General Fund Expenditure Gap	2014 Projection
2013 use of fund balance (operating shortfall)	\$(2,135,500)
Less items that will increase the deficit:	
Projected decrease in 2014 tax revenue (7 percent decline in taxable value)	(633,000)
Projected increase in 2014 pension contributions	(393,000)
2014 projected vacation leave sell-backs and retirement leave payouts	(208,000)
Plus items that will decrease the deficit:	
Additional revenue to be generated from street lighting special assessment	638,000
2013 vacation leave sell-backs (non-recurring)	695,000
Net General Fund budgetary gap	(2,036,500)
City anticipated savings from positions that were eliminated at or near June 30, 2013	900,000
Additional cuts/revenue needed to eliminate the General Fund operating shortfall	\$(1,136,500)

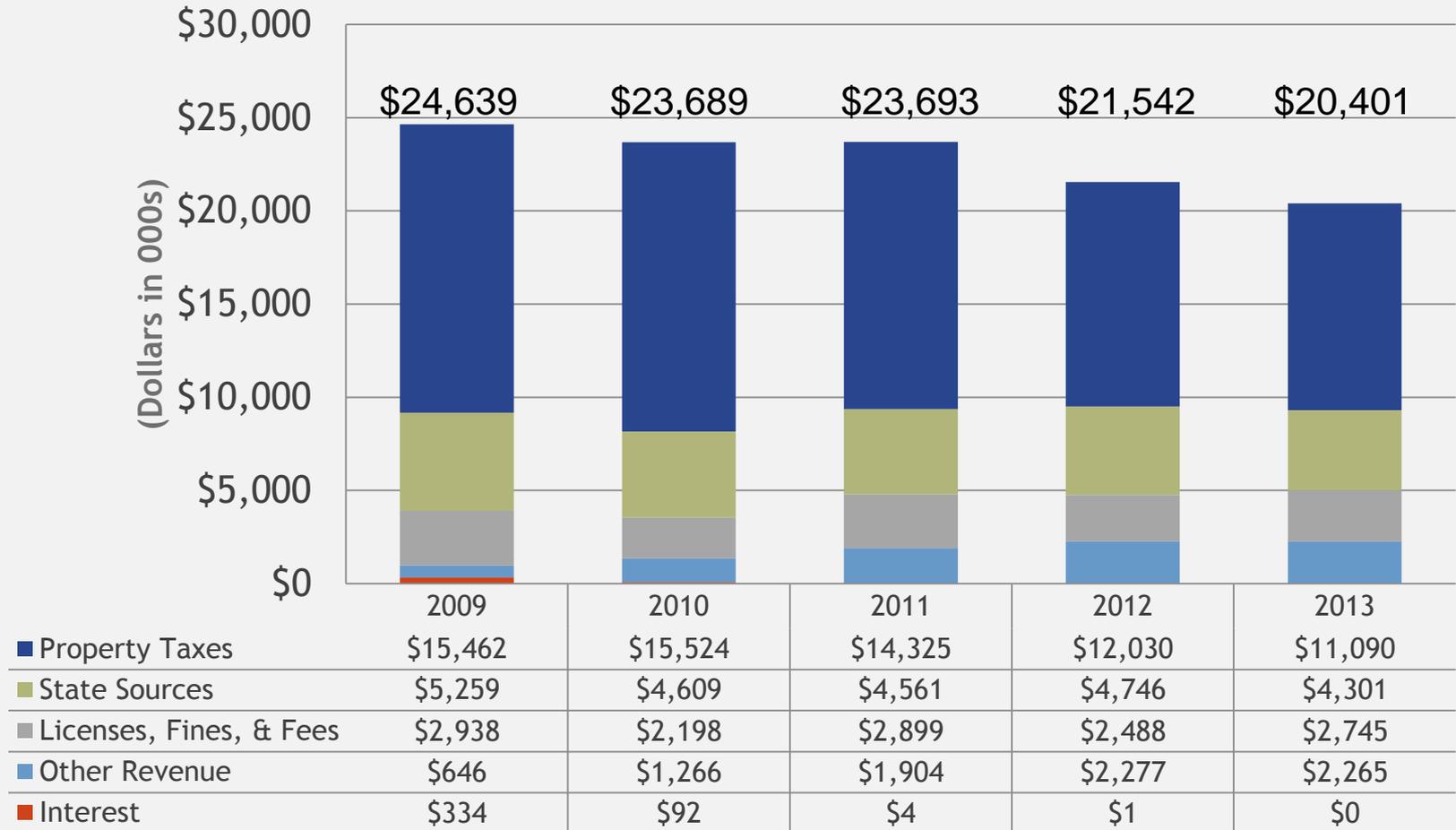
City of Lincoln Park

General Fund - Fixed Costs Analysis

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Property Taxes	15,462,000	15,524,000	14,325,000	12,031,000	11,091,000
State Shared Revenue	5,259,000	4,609,000	4,561,000	4,746,000	4,281,000
Licenses, Fines & Fees	2,938,000	2,198,000	2,899,000	2,488,000	2,745,000
Other Revenue	646,000	1,266,000	1,904,000	2,277,000	2,285,000
Interest	<u>334,000</u>	<u>92,000</u>	<u>4,000</u>	<u>700</u>	<u>400</u>
General Fund Revenue	24,639,000	23,689,000	23,693,000	21,542,700	20,402,400
Fixed Costs					
Municipal Employee Pension*	(1,133,271)	(968,554)	(1,329,021)	(1,289,392)	(854,000)
Police and Fire Pension	(2,300,000)	(2,557,853)	(2,925,995)	(3,087,000)	(3,187,000)
Retiree health care	(3,087,098)	(3,375,314)	(4,290,582)	(3,481,396)	(3,138,754)
Honeywell Debt	<u>(329,053)</u>	<u>(329,053)</u>	<u>(329,053)</u>	<u>(329,053)</u>	<u>(329,053)</u>
Total Fixed Costs	(6,849,422)	(7,230,774)	(8,874,651)	(8,186,841)	(7,508,807)
Remaining revenue to run the City	17,789,578	16,458,226	14,818,349	13,355,859	12,893,593
Percent of budget remaining	72%	69%	63%	62%	63%

*Represents only the portion of costs paid by the General Fund. The Water and Sewer fund, street funds, etc. would also pay into the Municipal Employees Pension System and also Contribute towards retiree healthcare

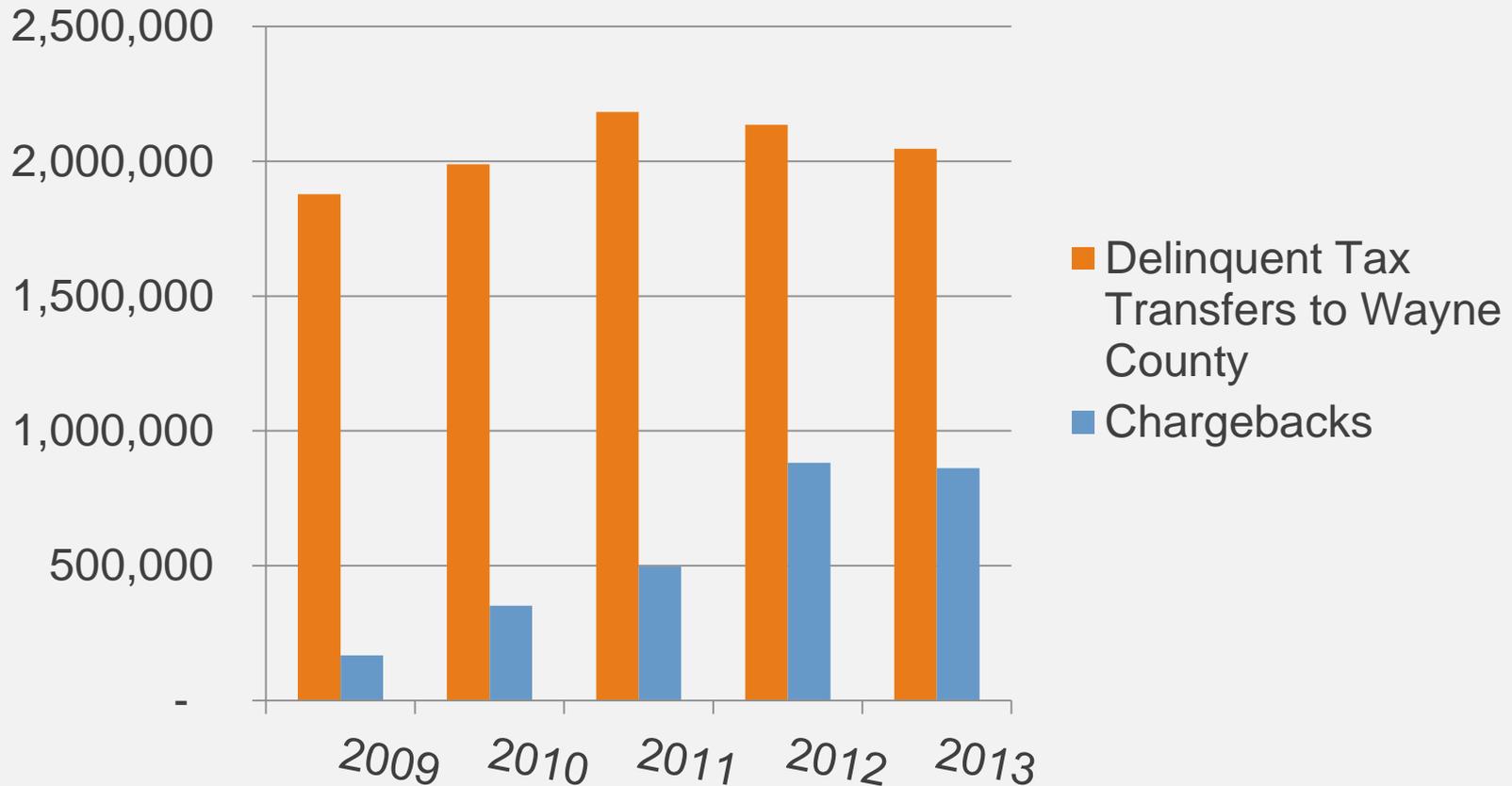
City of Lincoln Park General Fund Revenue - Budget Basis Years Ended June 30



City of Lincoln Park Timing of Property Tax Decreases

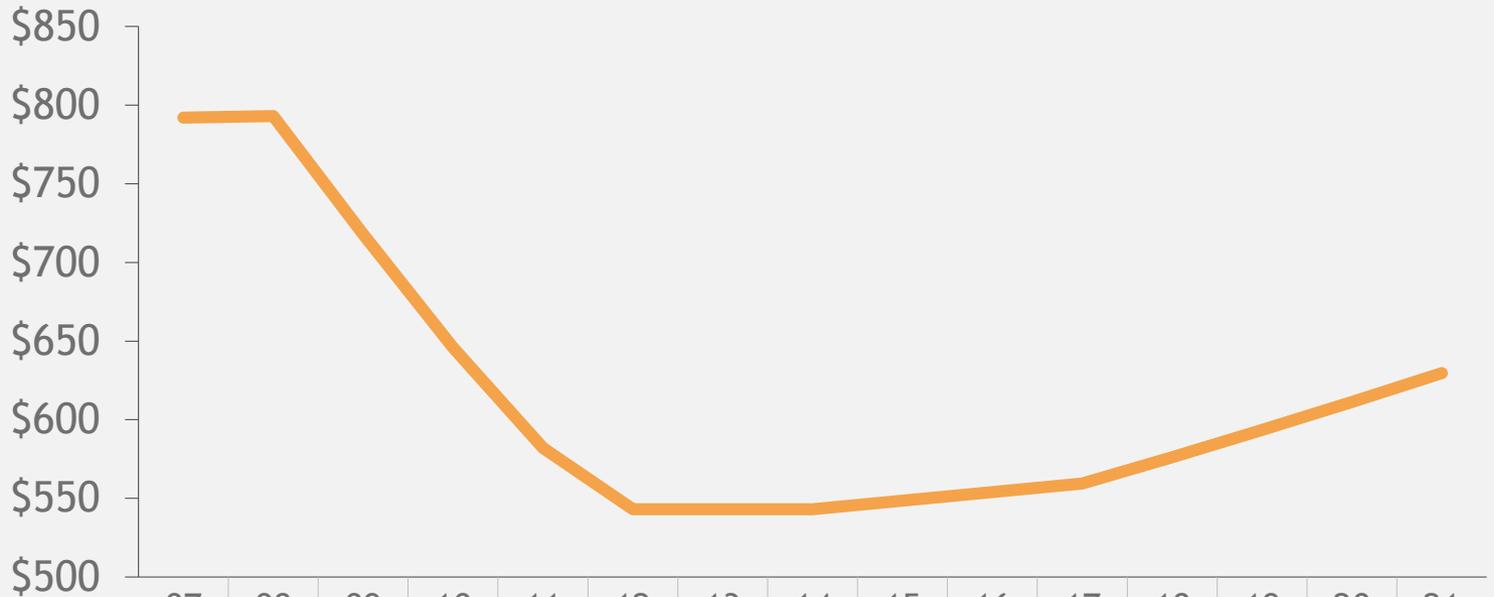
Budget Year	6/30/10	6/30/11	6/30/12	6/30/13	6/30/14
Assessment date	12/31/08	12/31/09	12/31/10	12/31/11	12/31/12
Levy date	7/01/09	7/01/10	7/01/11	7/01/12	7/01/13
Taxable value	793,185,000	718,199,000	646,143,000	582,627,000	542,698,000
Percent increase (decrease)	.1%	<9.5%>	<10.0%>	<9.8%>	<6.9%>
Gen fund rev Chargebacks (includes admin fee, PILOT, int)	\$15,500,000	\$14,300,000	\$13,309,000 Prior (714,000) Current (564,000) <u>\$12,031,000</u>	\$11,750,000 <u>(660,000)</u> \$11,090,000	\$10,900,000 <u>(565,000)</u> \$10,335,000

City of Lincoln Park Property Tax Chargebacks



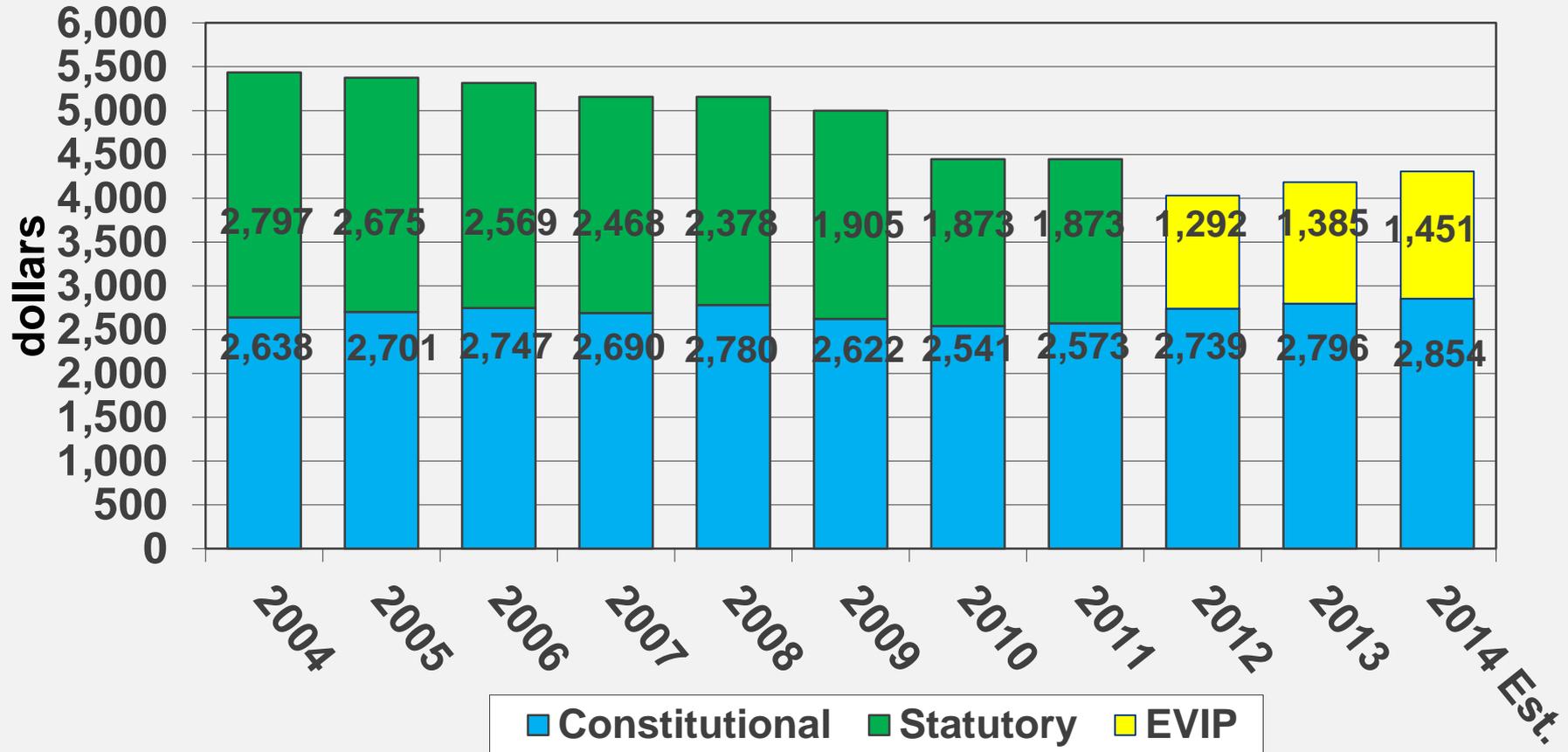
Note: the chargebacks do not all relate to the corresponding year that the taxes were transferred to Wayne County. The Chargebacks represent the total amount charged back for the calendar year (portion of the chargebacks relate to prior year tax that could not be recovered).

City of Lincoln Park Total Taxable Value (in millions) Years Ended June 30



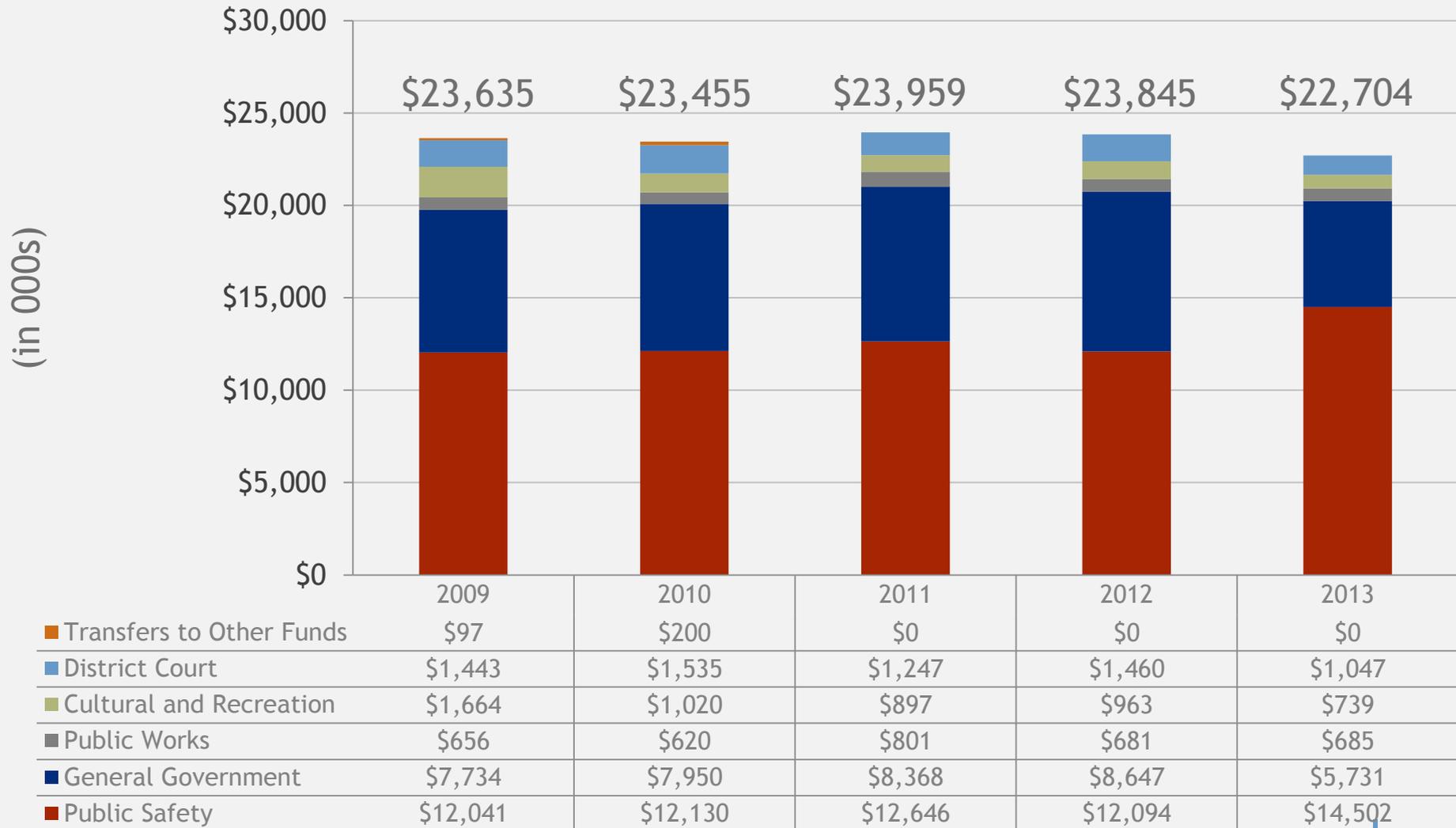
ASSESSMENT DATE	07	08	09	10	11	12	13	14	15	16	17	18	19	20	21
Total Taxable Value	792	793	718	646	582	543	543	543	548	554	559	576	594	611	630
Percentage Change	0%	0%	-9%	-10%	-10%	-7%	0%	0%	1%	1%	1%	3%	3%	3%	3%

City of Lincoln Park State Shared Revenue (in 000's)



Constitutional is the only portion guaranteed.

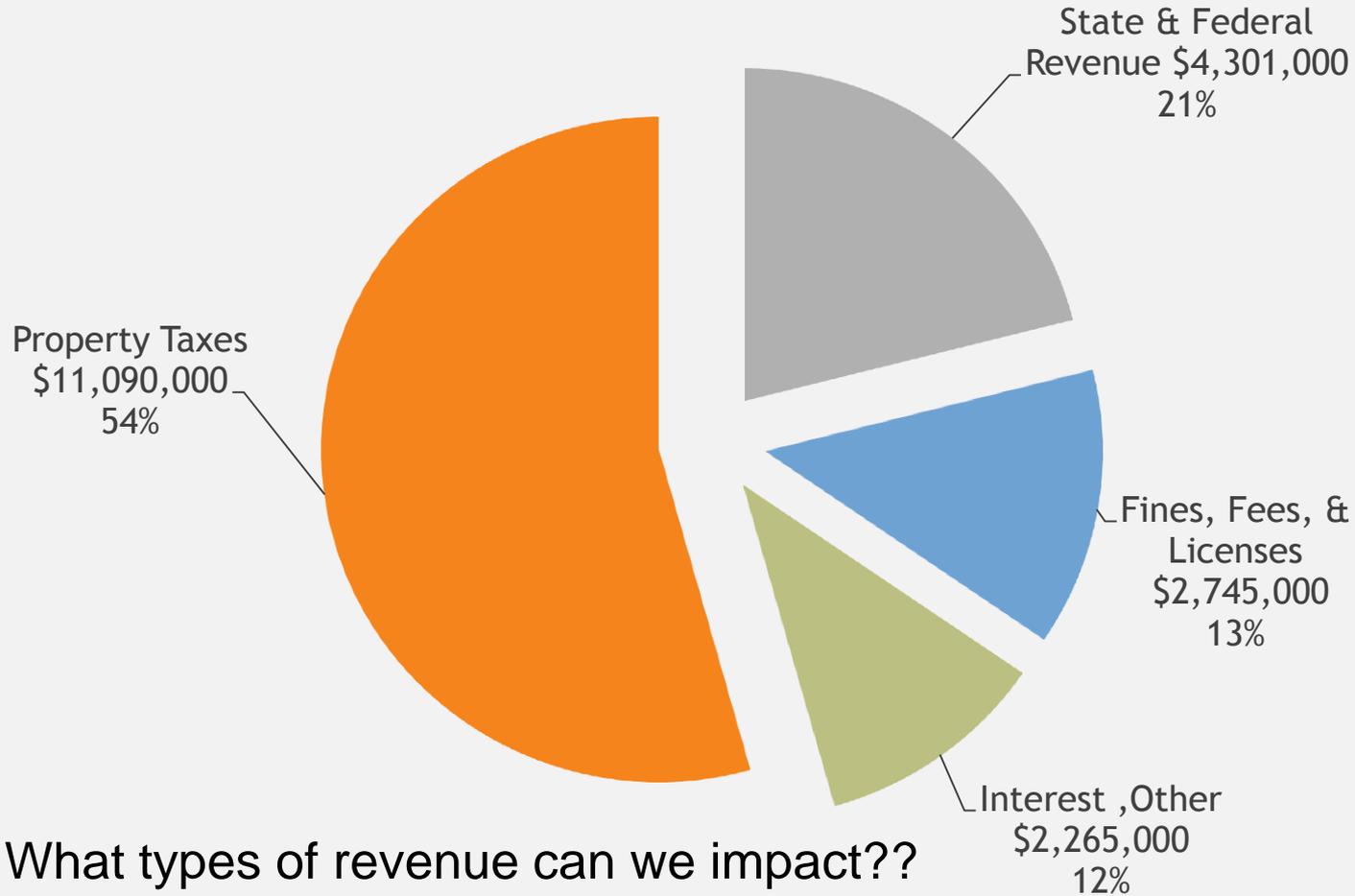
City of Lincoln Park General Fund Expenditures - Budget Basis Years Ended June 30



City of Lincoln Park Pension Contributions and Retiree Health Care costs - in millions

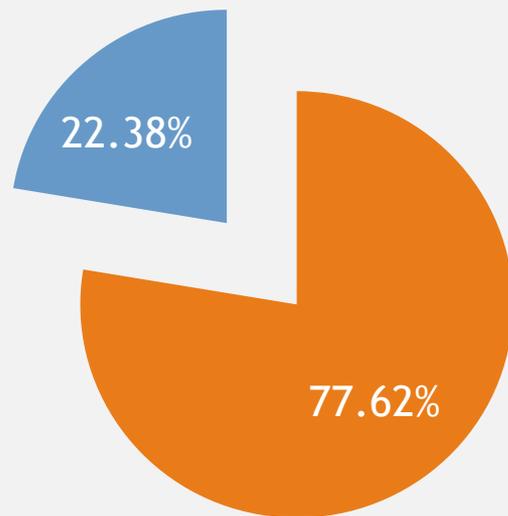
Budget Year	6/30/10	6/30/11	6/30/12	6/30/13
Municipal Pension Contribution	\$1.0	\$1.3	\$1.1	\$0.9
Public Safety Contribution	2.5	2.9	3.1	3.2
Retiree Health Care	3.4	4.3	3.5	3.1
Total Retiree Costs	\$6.9	\$8.5	\$7.7	\$7.2
Percent of General Fund Budget	29%	36%	36%	35%

City of Lincoln Park General Fund Revenue Fiscal Year Ended June 30, 2013



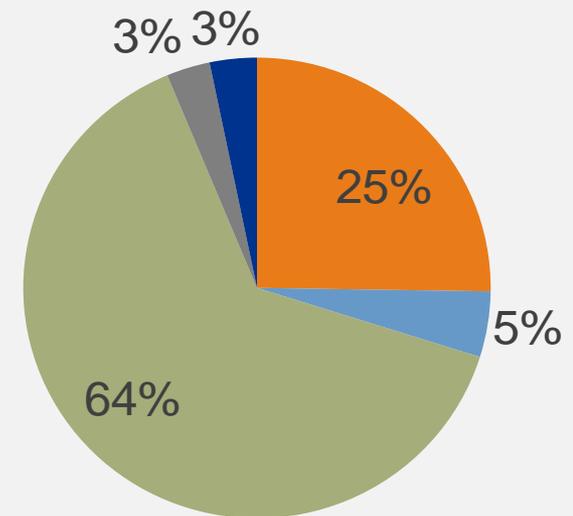
City of Lincoln Park General Fund Expenditures Years Ended June 30, 2013

By Category



- Personnel Costs
- Other

By Activity



- General
- Public Safety
- Recreation and Culture
- District Court
- Public Works

City of Lincoln Park General Fund - Challenges

- ☐ The City has continually cut costs in recent years.
- ☐ Over 77 percent of the General Fund budget is used for wages, fringe benefits and retirement costs.
- ☐ The remaining 23 percent is largely made up of items like utilities, street lighting, insurance, vehicle maintenance and debt payments that cannot be eliminated
- ☐ The only opportunities for further significant cost reduction lies with personnel costs or reducing, eliminating or consolidating the services the City provides

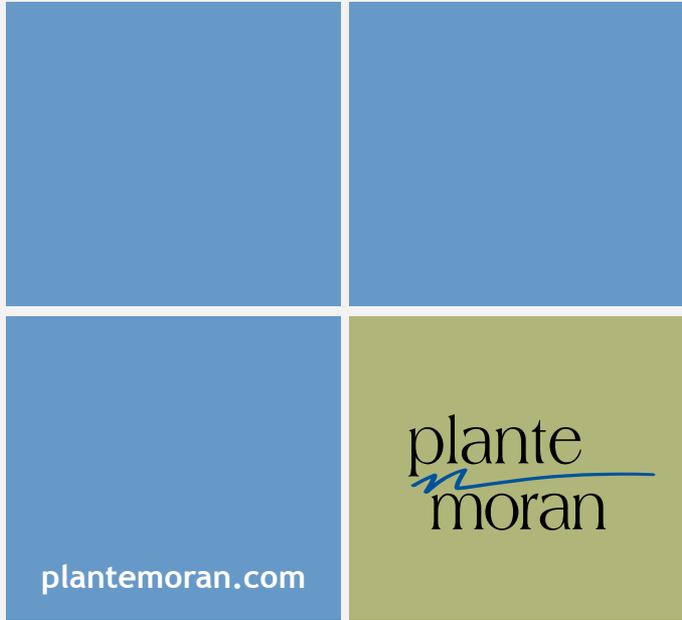
Local Response (In General)

☰ Expenditure Challenges

- ☑ Service demands the same or increasing
- ☑ Rising healthcare and other insurance costs
- ☑ Challenges with pre-funding healthcare
- ☑ Investment performance impacting pension contribution

☰ Actions Taken

- ☑ Use fund balance
- ☑ Reduce capital spending
- ☑ Hiring freezes
- ☑ Unfilled positions
- ☑ DDA returned tax captures
- ☑ Settled contracts for fire department and department heads
- ☑ Water and Sewer fund advanced \$2.5 million to General Fund for cash needs



■ THANK YOU