

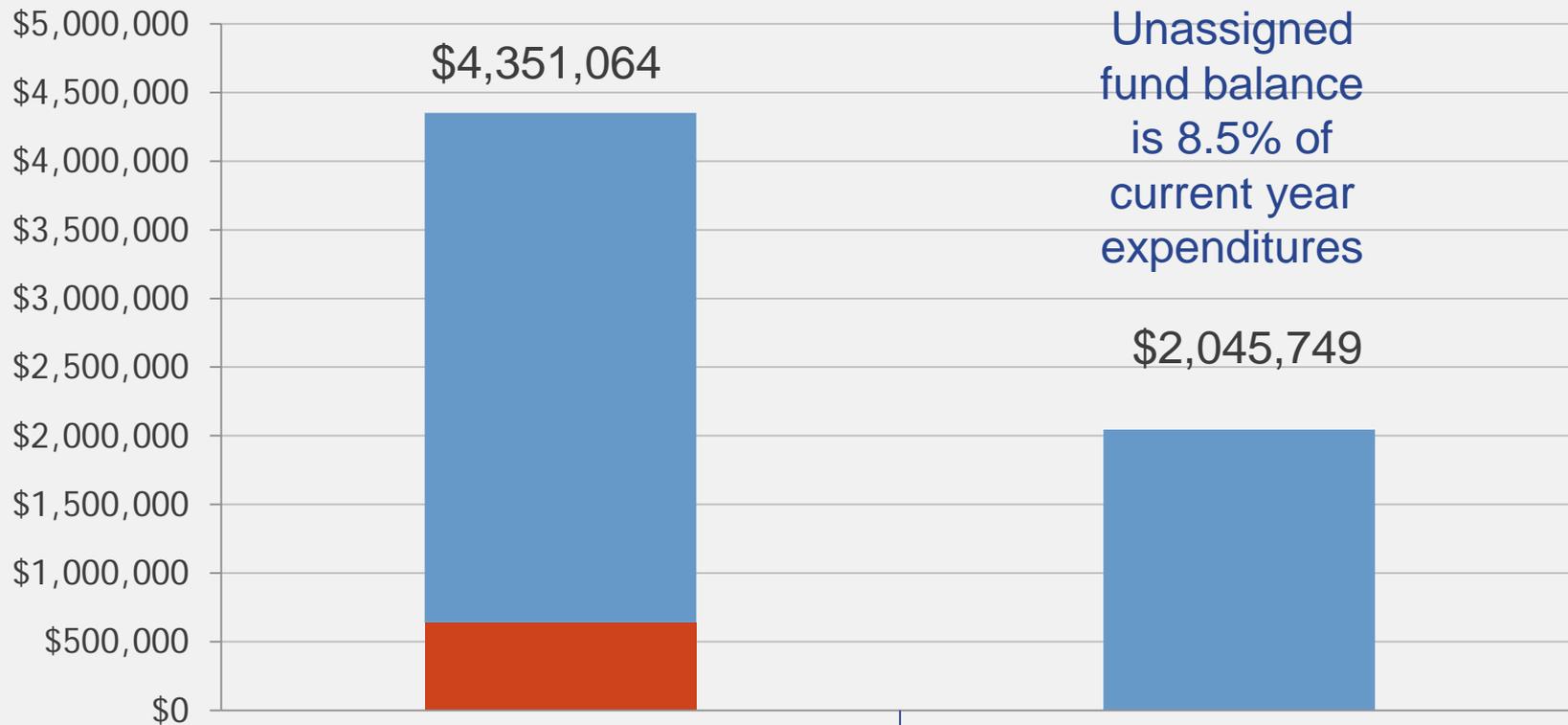
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■ City of Lincoln Park  
Audit Presentation to the City Council

FOR YEAR ENDED JUNE 30, 2012

# City of Lincoln Park Combined General Fund Balance Years Ended June 30

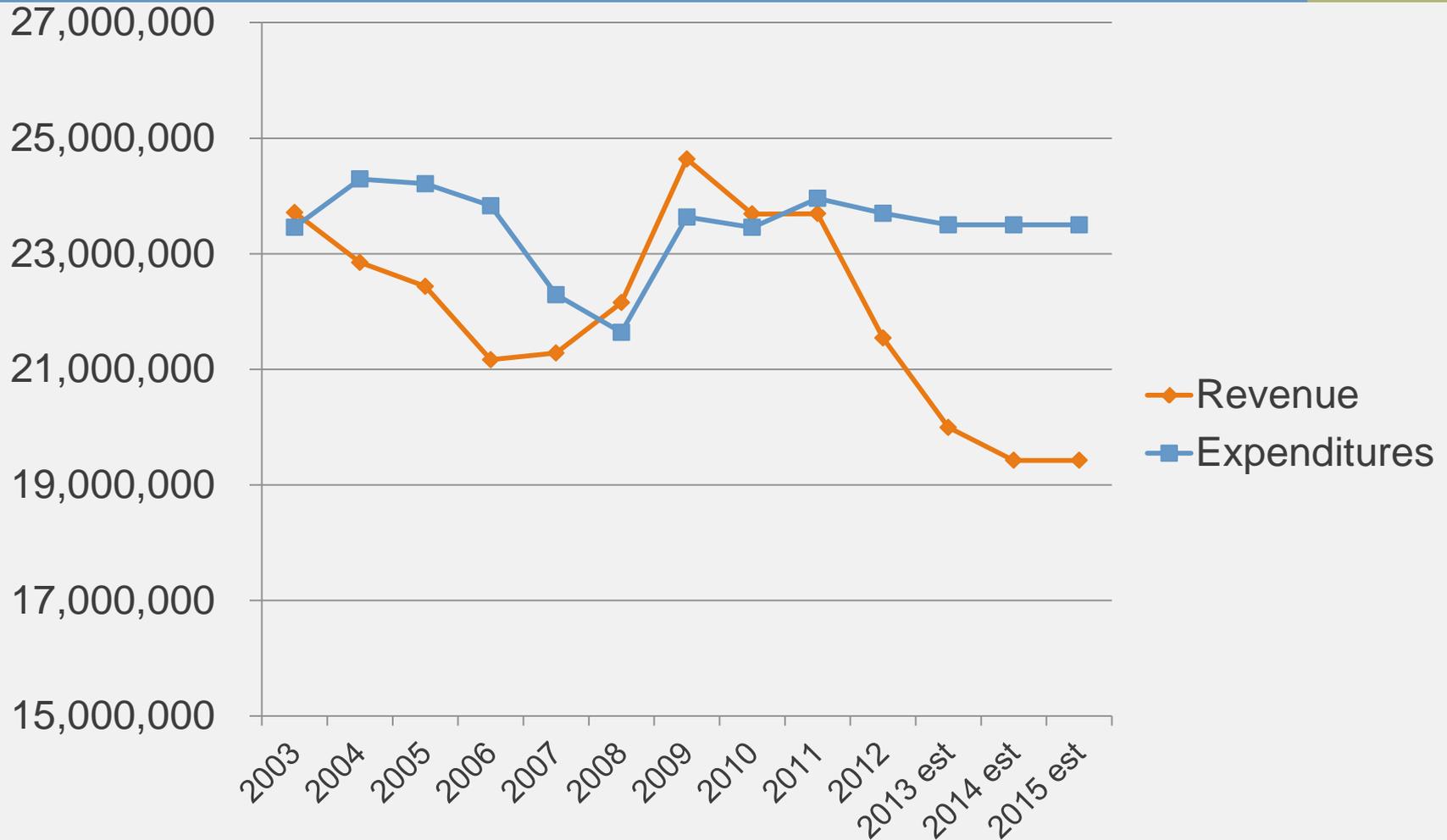


	2011	2012
Unassigned	\$3,708,396	\$2,045,340
Restricted	\$2,780	\$409
Nonspendable	\$639,888	\$0

# What is Fund Balance?

- ☰ Literally, the mathematical difference between assets and liabilities
- ☰ Not always spendable
  - ☰ Restrictions
  - ☰ Non-spendable - prepaids, inventory
- ☰ 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 Revenues and Expenditure History



# City of Lincoln Park Fund Balance History - General Fund

## Fund balance



# City of Lincoln Park 2012-13 projection

Estimated 2012-13 Revenue	19,994,000
Less Fixed Costs at 2012 levels:	
Pension Contributions	4,612,233
Retiree Healthcare and life ins	3,270,749
Debt Payments	329,053
	8,212,035
Remaining revenue for General Fund Operations	11,781,965
Salaries and wages:	
General Employees	1,710,000
Police	3,580,000
Fire	2,360,000
District Court	490,000
Termination Benefits	165,000
Fringe Benefits	2,075,000
Active Employee Payroll and Fringes	10,380,000
Non Payroll Expenditures:	3,890,775
Total Expenditures	22,482,810
<b>Deficit</b>	<b>(2,488,810)</b>

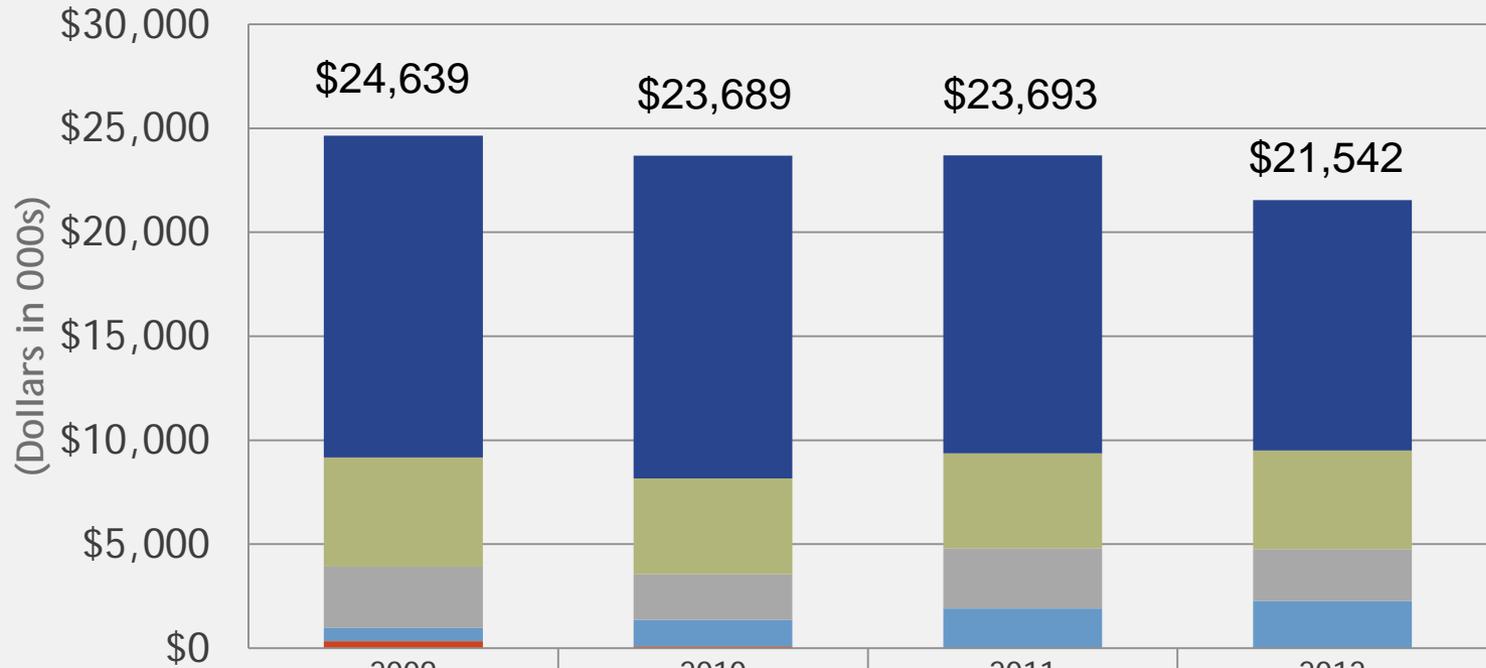
# City of Lincoln Park Fixed Costs

	Actual				Projected			
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	
Property taxes	15,462,000	15,524,000	14,325,000	12,031,000	11,400,000	10,830,000	10,830,000	
State Revenue Sharing	5,259,000	4,609,000	4,561,000	4,746,000	4,750,000	4,750,000	4,750,000	
Licenses, Fines & Fees	2,938,000	2,198,000	2,899,000	2,488,000	2,572,000	2,572,000	2,572,000	
Other revenue	646,000	1,266,000	1,904,000	2,277,000	1,272,000	1,272,000	1,272,000	
Interest	334,000	92,000	4,000	700	-	-	-	
<b>General Fund Revenue</b>	<b>24,639,000</b>	<b>23,689,000</b>	<b>23,693,000</b>	<b>21,542,700</b>	<b>19,994,000</b>	<b>19,424,000</b>	<b>19,424,000</b>	
<b>Fixed Costs</b>								
Municipal Employee Pension *	(1,133,271)	(968,554)	(1,329,021)	(1,289,392)	(1,279,222)	(1,317,599)	(1,357,127)	3%
Police and Fire Pension	(2,300,000)	(2,557,853)	(2,925,995)	(3,087,000)	(3,333,011)	(3,433,001)	(3,535,991)	3%
Retiree health care **	(3,087,098)	(3,375,314)	(4,290,582)	(3,481,396)	(3,270,749)	(3,368,871)	(3,469,938)	3%
Honeywell debt	(329,053)	(329,053)	(329,053)	(329,053)	(329,053)	(329,053)	(329,053)	
<b>Remaining revenue to run the City</b>	<b>17,789,578</b>	<b>16,458,226</b>	<b>14,818,349</b>	<b>13,355,859</b>	<b>11,781,965</b>	<b>10,975,476</b>	<b>10,731,891</b>	
Percent of budget remaining	72%	69%	63%	62%	59%	57%	55%	

\* 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.

\*\* Retiree costs have decreased in the 2012/13 budget due to the implementation of a new healthcare plan effective November 1, 2012 for all retirees.

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



	2009	2010	2011	2012
■ Property Taxes	\$15,462	\$15,524	\$14,325	\$12,030
■ State Sources	\$5,259	\$4,609	\$4,561	\$4,746
■ Licenses, Fines, & Fees	\$2,938	\$2,198	\$2,899	\$2,488
■ Other Revenue	\$646	\$1,266	\$1,904	\$2,277
■ Interest	\$334	\$92	\$4	\$1

# City of Lincoln Park Timing of Property Tax Decreases

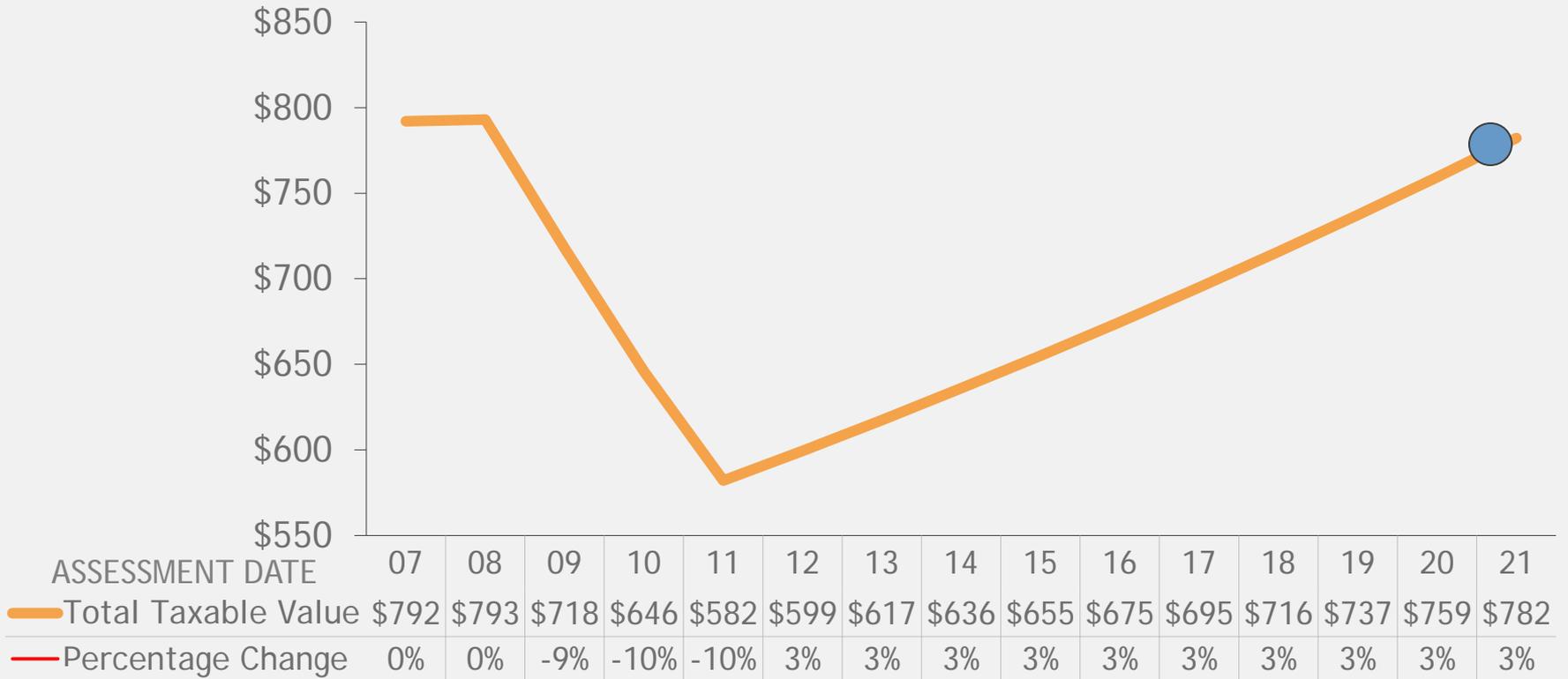
Budget Year	6/30/09	6/30/10	6/30/11	6/30/12	6/30/13
Assessment date	12/31/07	12/31/08	12/31/09	12/31/10	12/31/11
Levy date	7/01/08	7/01/09	7/01/10	7/01/11	7/01/12
Taxable value	792,137,000	793,185,000	718,199,000	646,143,000	582,627,000
Percent increase (decrease)	---	.1%	<9.5%>	<10.0%>	<9.8%>
Gen fund rev	\$15,500,000	\$15,500,000	\$14,300,000	\$13,309,000	\$11,700,000
Chargebacks (includes admin fee, PILOT, int)				Prior (714,000) Current (564,000) <u>\$12,031,000</u>	<u>(300,000)</u> <u>\$11,400,000</u>

# City of Lincoln Park Wayne County Chargebacks

		Delinquent Transfer(Tax Year)				
tax year		2007	2008	2009	2010	2011
fiscal year		2008	2009	2010	2011	2012
	<b>TOTAL</b>	1,453,086	1,877,477	1,988,208	2,183,364	2,135,613

		Recoveries/(Chargebacks) (Tax Year)					
tax year		2007	2008	2009	2010	2011	Total
fiscal year		2008	2009	2010	2011	2012	
	2008	(9,993)					(89,556)
	2009	(38,024)	(86,373)				(166,678)
	2010	(126,552)	(78,025)	(146,177)			(350,754)
	2011		(206,904)	(161,473)	(128,228)		(496,605)
	2012			(294,731)	(274,435)	(312,470)	(881,636) charged back in 2012
	2013 est				(251,476)	(146,629)	
	2014 est					(245,976)	
	<b>Total taxes lost</b>	<b>(174,569)</b>	<b>(371,302)</b>	<b>(602,381)</b>	<b>(654,138)</b>	<b>(705,074)</b>	

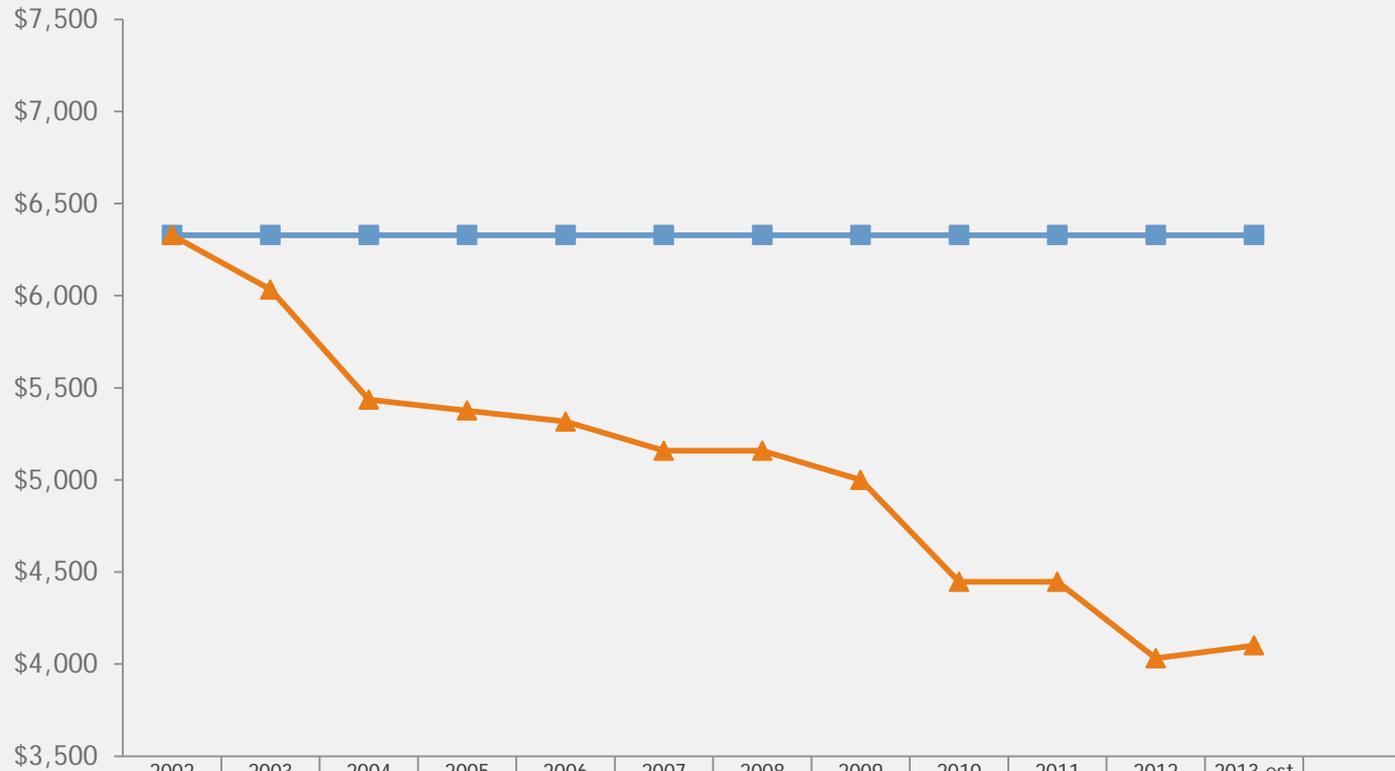
# City of Lincoln Park Total Taxable Value (in millions) Years Ended June 30



# City of Lincoln Park

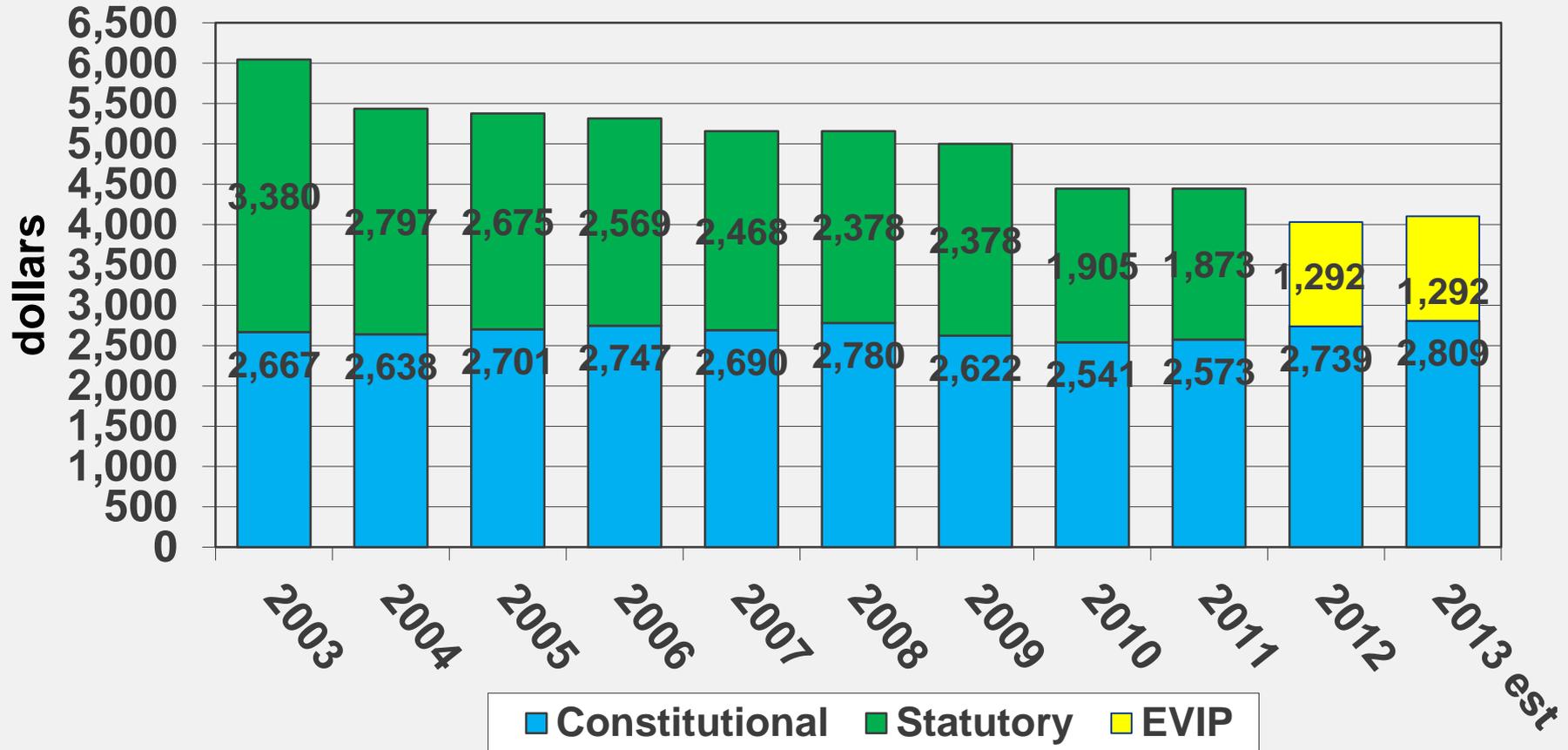
## Revenue Sharing Payment History (in thousands)

### Fiscal Year Ended June 30



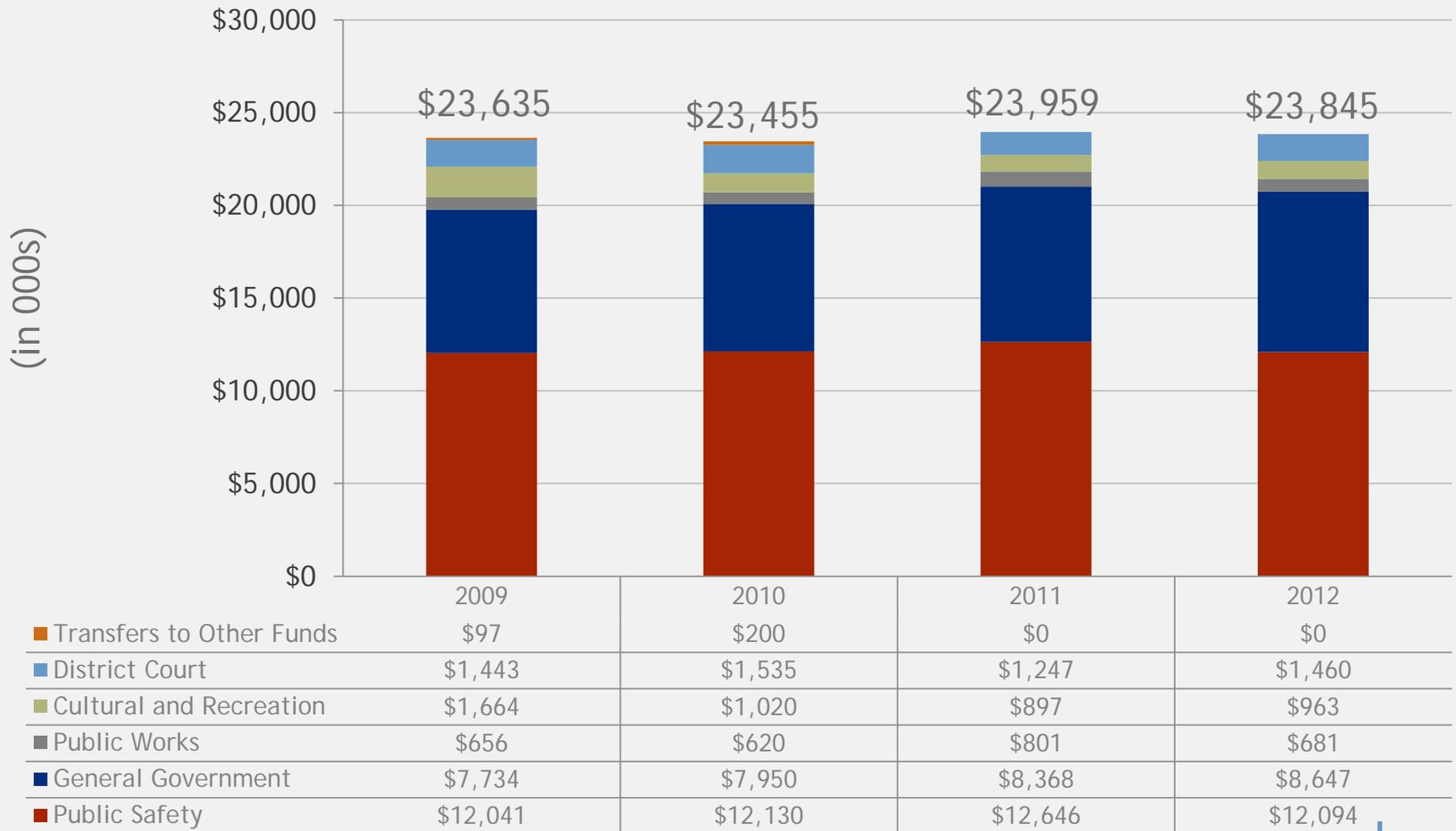
Annual Lost Revenue Sharing Payments	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013 est
	\$-	\$295	\$893	\$952	\$1,012	\$1,170	\$1,170	\$1,329	\$1,882	\$1,882	\$2,297	\$2,227
Revenue Sharing Payment Held Constant at 2002 Amounts	\$6,328	\$6,328	\$6,328	\$6,328	\$6,328	\$6,328	\$6,328	\$6,328	\$6,328	\$6,328	\$6,328	\$6,328
Actual Revenue Sharing Payments	\$6,328	\$6,033	\$5,435	\$5,376	\$5,316	\$5,158	\$5,158	\$4,999	\$4,446	\$4,446	\$4,031	\$4,101
Cumulative Lost Revenue Sharing Payments	\$-	\$295	\$1,188	\$2,140	\$3,152	\$4,322	\$5,492	\$6,821	\$8,703	\$10,585	\$12,882	\$15,109

# 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



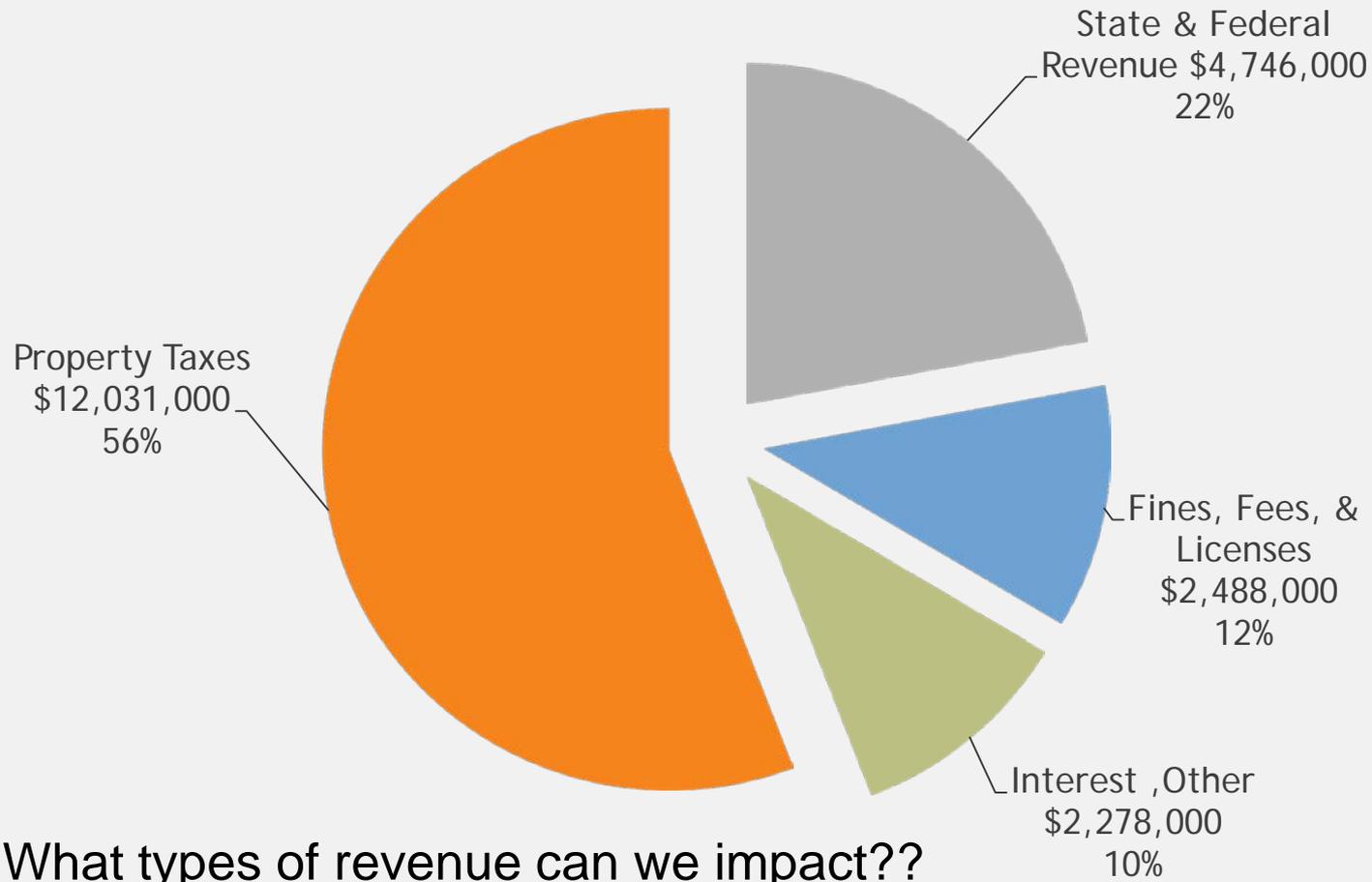
# City of Lincoln Park Pension Contributions and Retiree Health Care costs - in millions

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

# 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

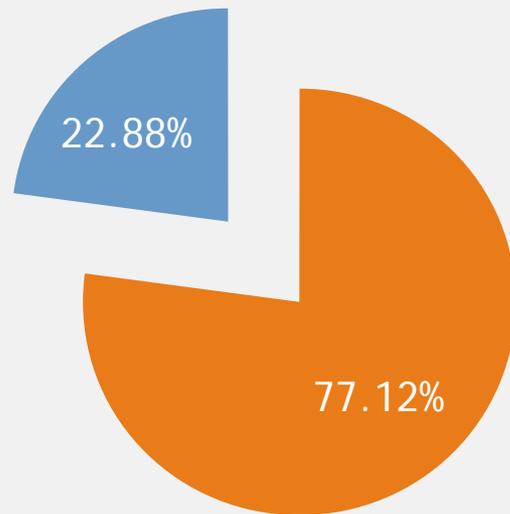
# City of Lincoln Park General Fund Revenue Fiscal Year Ended June 30, 2012



What types of revenue can we impact??

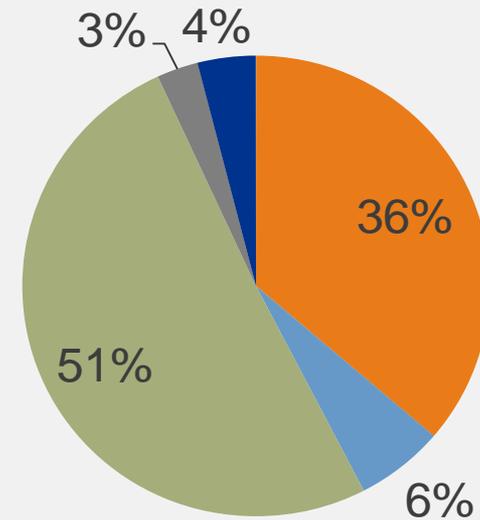
# City of Lincoln Park General Fund Expenditures Years Ended June 30, 2012

### By Category



- Personnel Costs
- Other

### By Activity



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

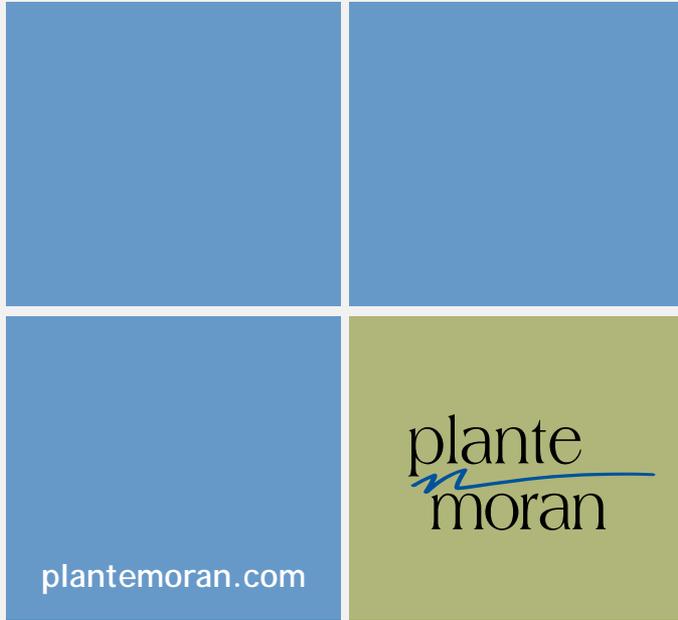
# Local Response (In General)

## ☰ Expenditure Challenges

- ☰ Service demands the same or increasing
- ☰ Collective bargaining agreements and Act 312
- ☰ 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



■ THANK YOU