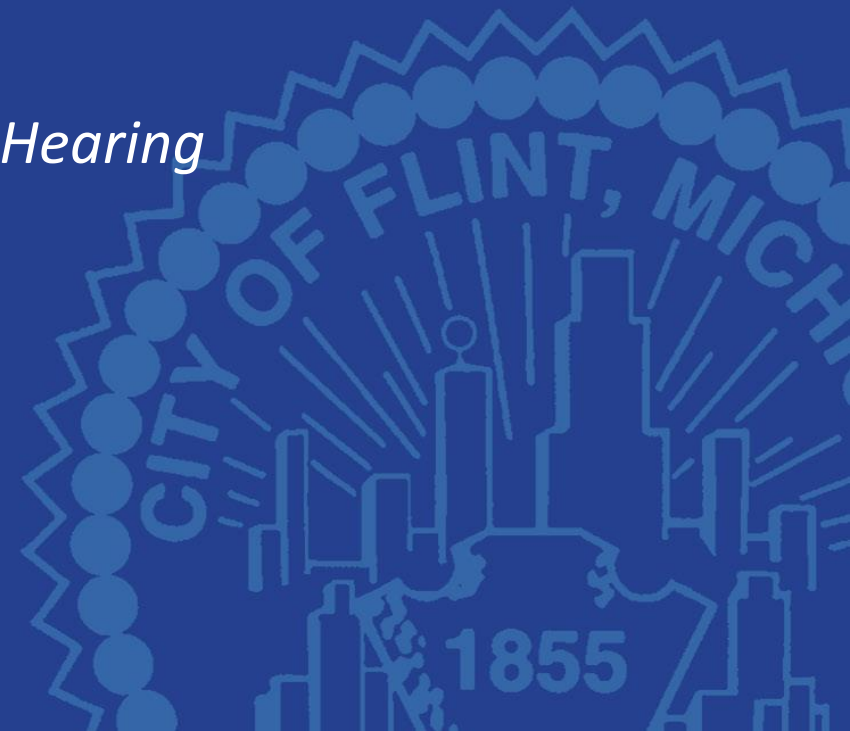




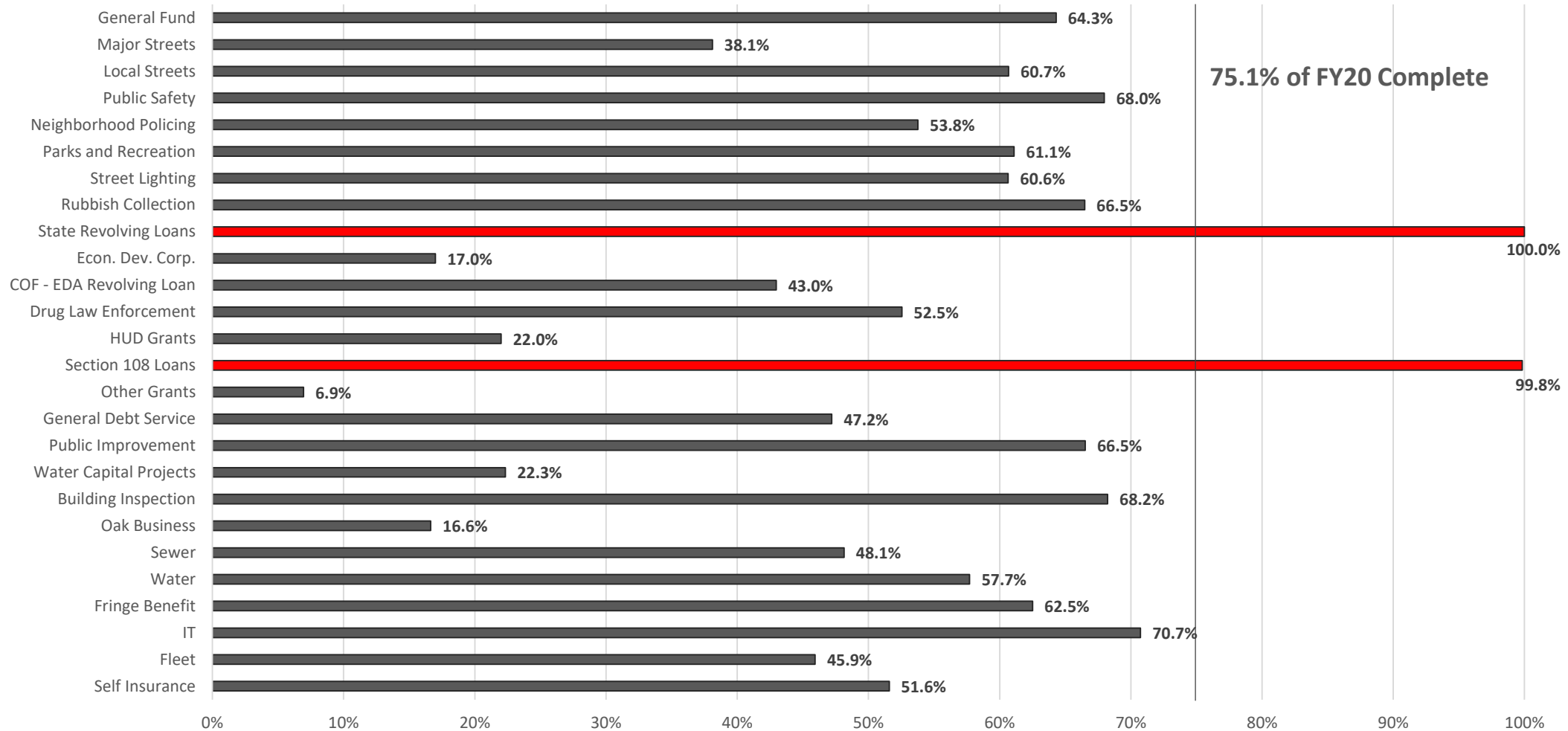
# FY 21 & 22 BUDGET PRESENTATION

*Community Budget Hearing  
May 11, 2020*

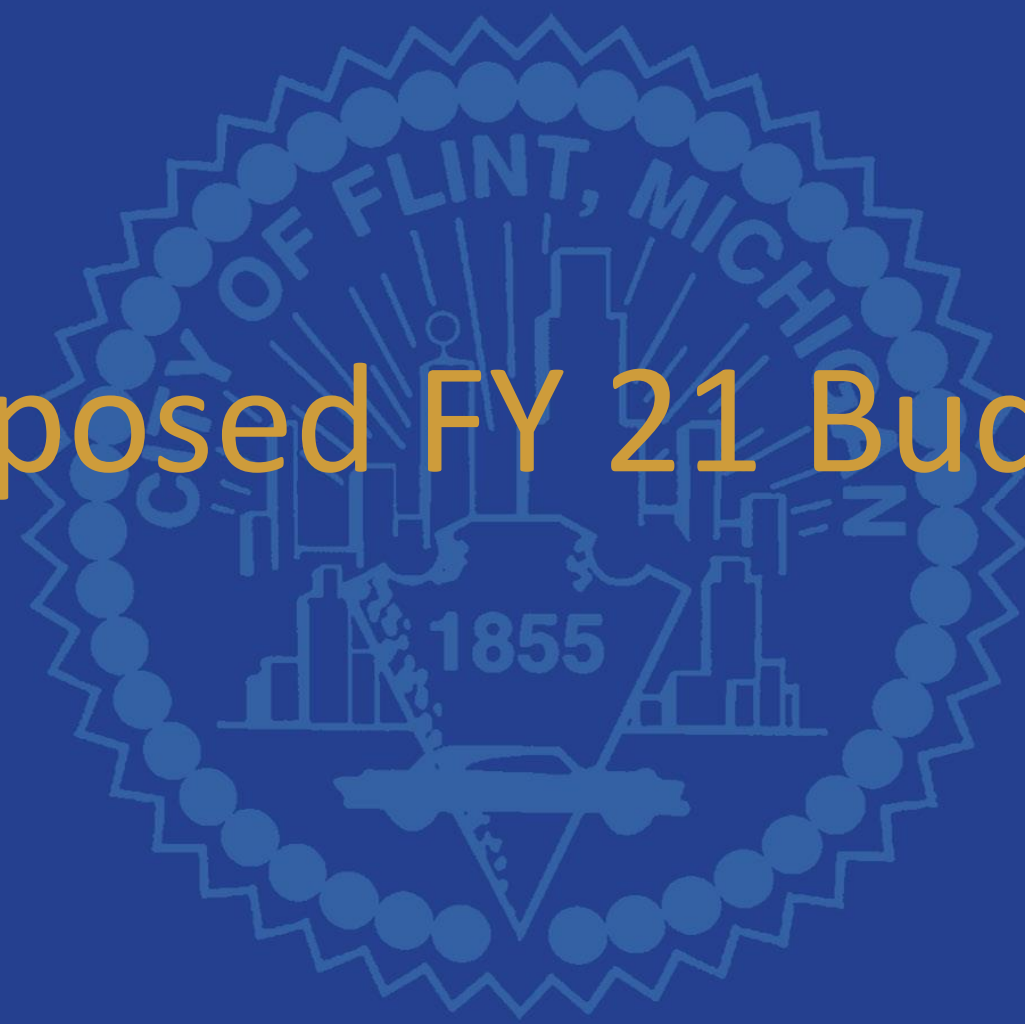


# Budget to Actuals FY2020

Percent of Budget Used as of March 31st



# Proposed FY 21 Budget



# FY2021 Budget Priorities

- Keep property tax rates unchanged
- Maintain public safety and city services
- Invest in fulfilling Charter responsibilities
- Reserve adequate fund balance
- Meet Flint pension system obligations
- Do not take on additional general obligation debt



# Budget includes 15 Funds

- General fund

## **Special revenue funds**

- Major streets fund
- Local streets fund
- Public safety fund
- Neighborhood policing fund
- Parks and recreation fund
- Street lighting fund
- Rubbish collection fund
- Drug law enforcement fund

## **Debt service fund**

- General debt service fund

## **Capital project fund**

- Public improvement Fund

## **Enterprise funds**

- Building inspection fund
- Oak Business Center fund
- Sewer Fund
- Water Fund



# General Fund Revenues



# General Fund (101) - Revenues

<b>Revenue</b>	<b>FY20 Amended Budget</b>	<b>FY21 Proposed Budget</b>	<b>FY22 Proposed Budget</b>
Property Taxes	\$4,867,616	\$4,949,226	\$4,998,700
Income Taxes	\$15,734,715	\$16,670,472	\$17,003,650
State Revenues	\$18,909,271	\$19,775,510	\$19,775,510
Service Charges	\$10,908,186	\$13,919,254	\$14,156,843
Fines/Forfeitures	\$265,210	\$207,525	\$207,525
Licenses/Permits	\$1,056,733	\$886,750	\$886,750
Other Revenues	\$4,037,626	\$567,430	\$567,430
<b>TOTAL</b>	<b>\$55,779,357</b>	<b>\$56,976,167</b>	<b>\$57,596,408</b>

# Property Taxes

- Proposed budget does NOT increase property taxes
- City tax levy remains 19.1 mills
- Other jurisdictions include county, ISD, MCC, state, MTA, airport and library taxes

<b>Local taxing authority</b>	<b>Property Tax rate</b>
City of Flint	19.1 mills
Other jurisdictions	32.0083 mills
<b>TOTAL RESIDENTIAL PROPERTY TAX</b>	<b>51.1083 mills</b>

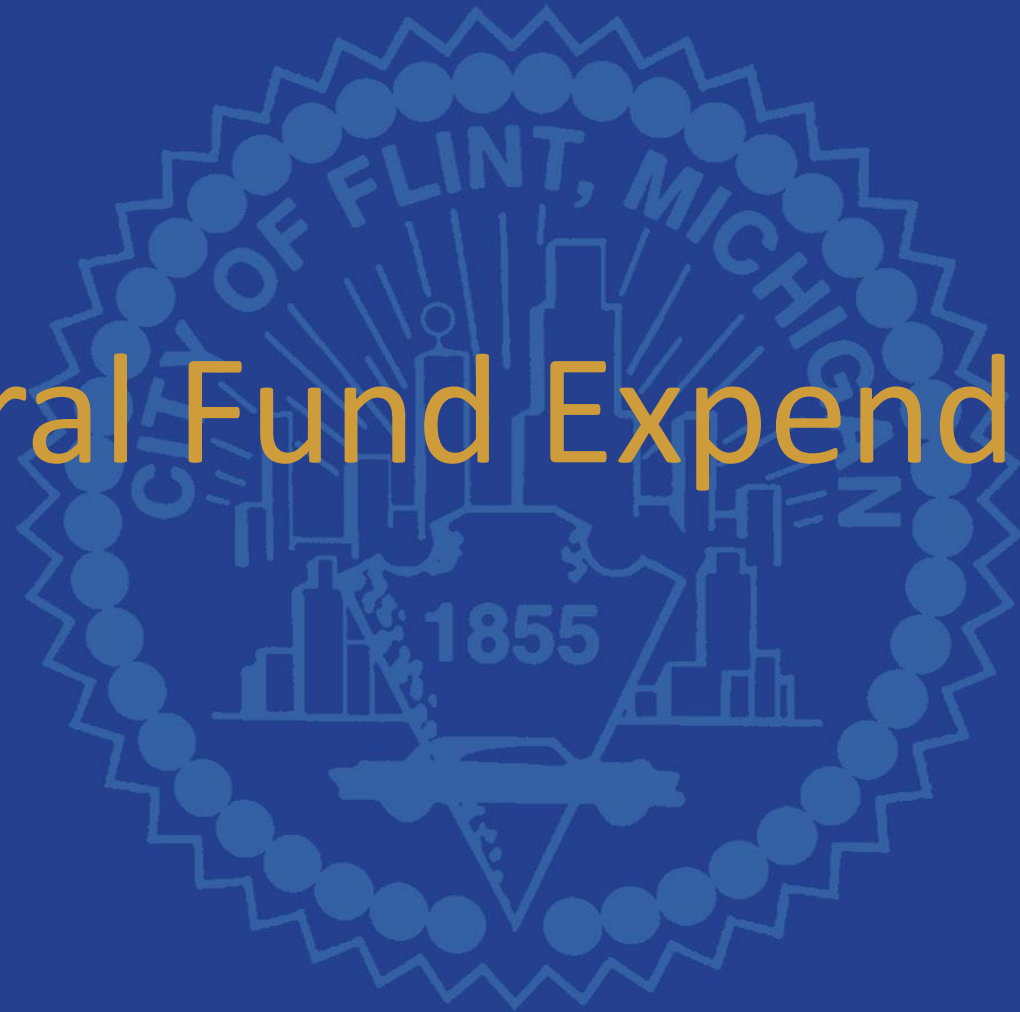


# Debt Capacity

- Flint has relatively low debt
- Proposed budget includes no new debt or borrowing

<b>Calculation of Debt Limit</b>	<b>FY2019</b>
Assessed Valuation	\$874,376,920
Legal Debt Limit (10% of Assessed Valuation)	\$87,437,692
Debt Subject to Limitation (Net Debt)	\$27,656,549
Legal Debt Margin (Unused Debt Available)	\$59,801,143
Net Debt Used (Percent of Available Debt Limit)	31.61 percent

# General Fund Expenditures



# General Fund (101) - Expenditures

- Meeting our pension and retiree obligations
- Investing in Charter-mandated requirements

<b>Expenditure</b>	<b>FY20 Amended</b>	<b>FY21 Proposed</b>	<b>FY22 Proposed</b>
Salaries/Wages/Fringes	\$41,918,777	\$52,272,238	\$55,482,451
Utilities	\$623,000	\$663,500	\$670,300
Equipment Operations	\$2,105,282	\$2,524,775	\$2,541,800
Repairs/Maintenance	\$491,733	\$522,200	\$497,678
Supplies/Operations	\$920,288	\$838,782	\$761,149
Professional Services	\$5,998,093	\$5,847,677	\$5,821,252
Other Expenses	\$5,892,995	\$10,257,623	\$10,238,908
<b>TOTAL</b>	<b>\$57,950,168</b>	<b>\$72,926,795</b>	<b>\$76,013,538</b>

# Spending funds critical services

- Proposed budget invests in employees and our ability to provide critical services to residents and businesses

<b>Public Service</b>	<b>FTE – General Fund</b>	<b>FTE – Other Funds</b>
Governance	31.5	14.5
Police	103	40
Planning & Development	5	26
Finance & Admin	40	14
Fire	66	17
DPW	3.5	168.5
<b>Total</b>	<b>249</b>	<b>280</b>

# Key Investments

- Protects public safety staffing levels and funds new police contract, which is designed to attract new officers and fill vacant positions.
- Invests in fulfilling charter mandates including:
  - Civil Service Commission
  - Office of the Ombudsperson
  - Flint Revenue-Estimating Committee



# Meeting Pension Obligations

- Protects the fiscal health and long-term stability of the Flint pension system
- Invests \$10 million more than FY20 Budget
- Puts Flint in compliance with state-mandated pension contribution requirements



# Pension Investment by Fund

Fund	FY20	FY21	Fund	FY20	FY21
General Fund	\$11,452,229	\$20,716,195	Rubbish	\$46,541	\$41,490
Major Street	\$1,205,370	\$979,132	Forfeiture	\$53,496	\$102,592
Local Street	\$910,046	\$818,854	HUD Grant	\$457,670	\$876,302
Public Safety	\$1,925,845	\$3,590,688	Other grant	\$228,009	\$354,015
Neighborhood Policing	\$481,461	\$923,319	Building Inspection	\$500,185	\$501,008
Parks & Rec	\$7,818	\$30,149	Sewer	\$3,544,408	\$3,054,686
Street Lighting	\$13,374	\$14,632	Water	\$23,919,064	\$2,579,200

Fund	FY20 Pension Expense	FY21 Proposed Pension Expense
<b>Total</b>	<b>\$23,919,064</b>	<b>\$34,582,461</b>

# Flint Pension Facts

- Pension commitments are **CONTRACTS** protected by the Michigan Constitution and state law
- Flint's pensions are seriously underfunded — just 32%
  - \$566 million in liability, \$180 million in assets
  - \$180 million was before COVID-19 stock market crash
    - Standard & Poors 500 index has lost 20% of value since Feb 18, 2020
- Pension demographic problems
  - About 5 retirees for every 1 employee





# Flint Pension Facts II

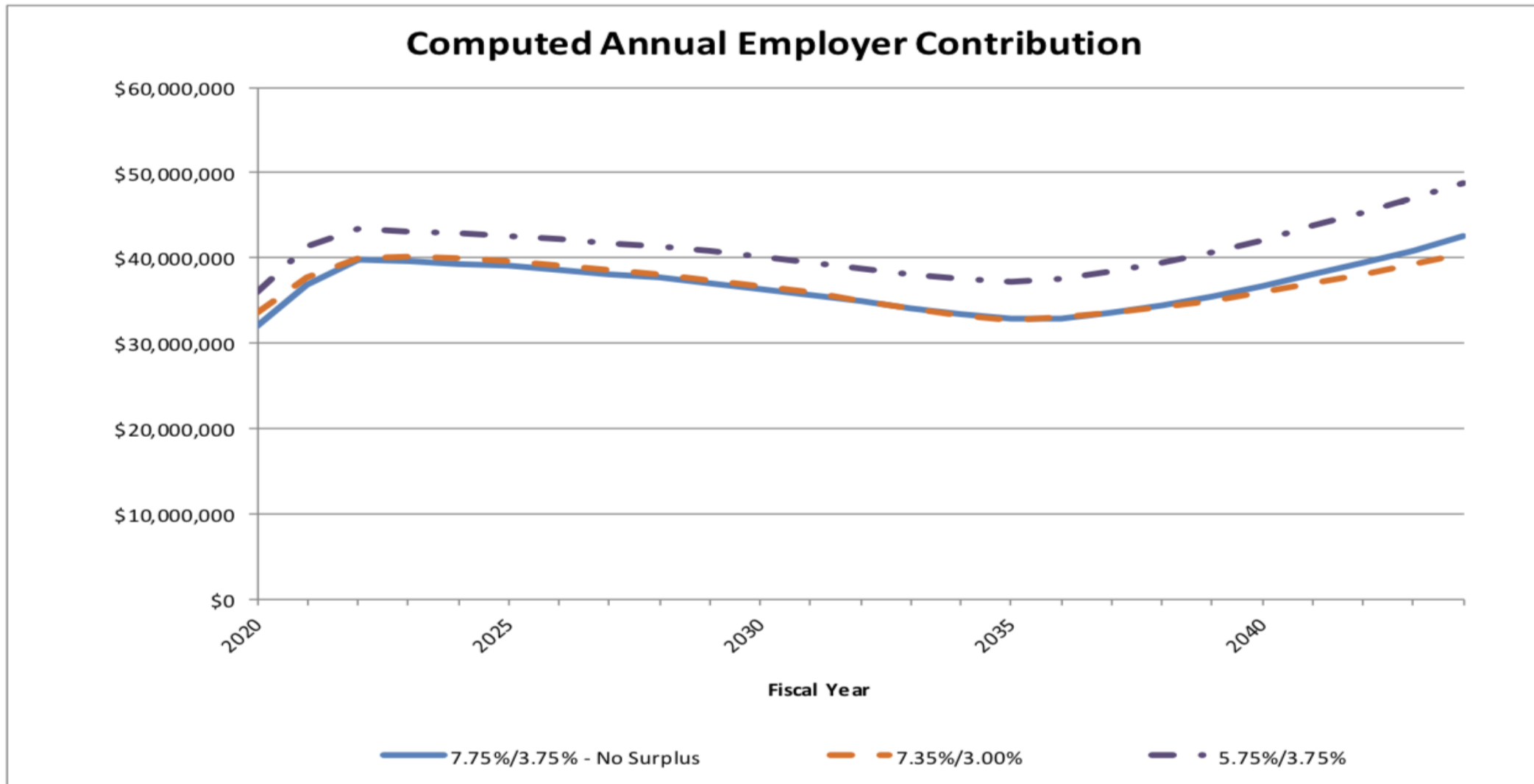
- For example, in 2018 there were ...
  - \$23 million in employer contributions + \$1.5 million in employee contributions + \$6.3 million in investment gains

... a total of **\$30.8 million** in contributions

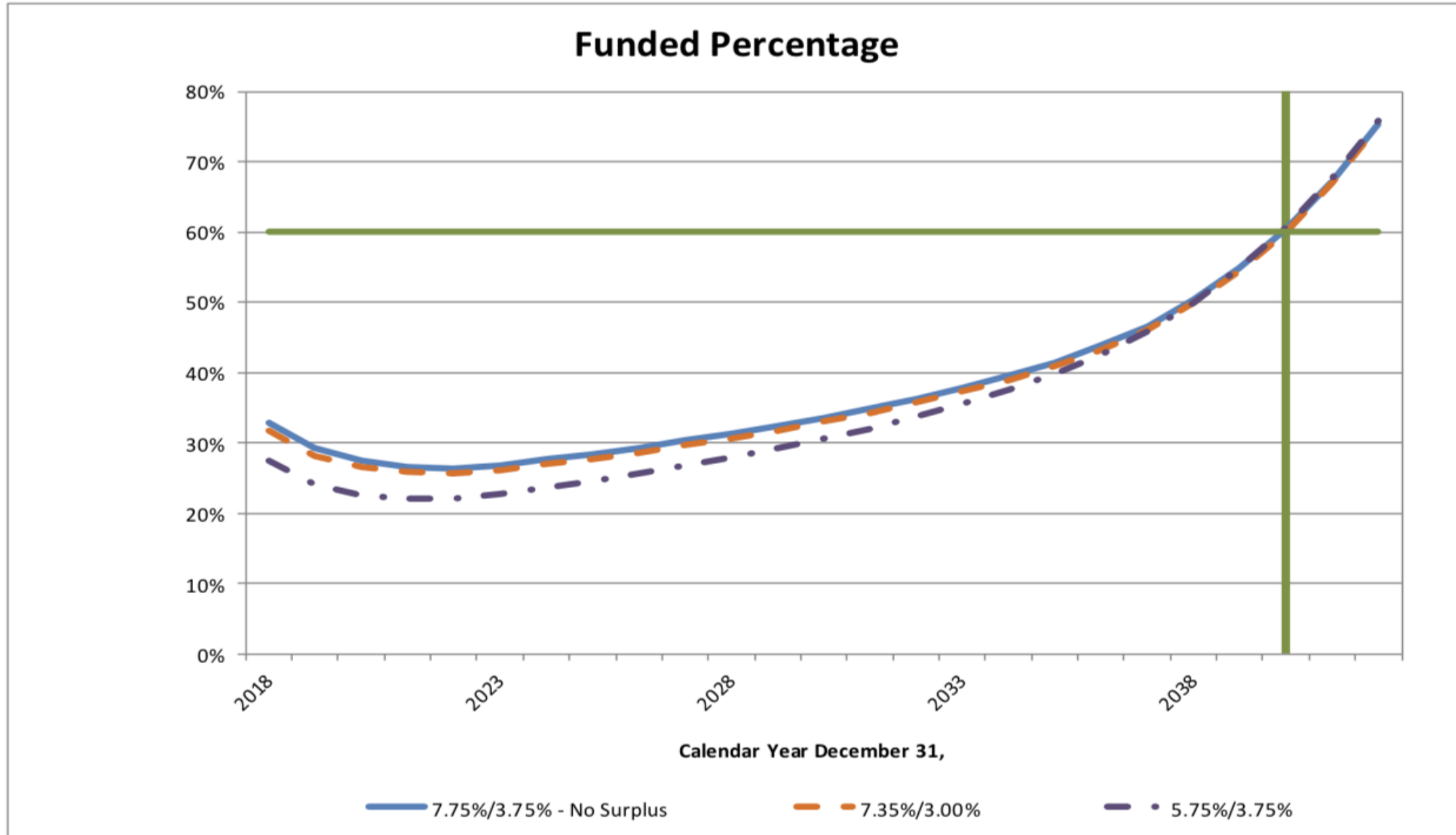
... far less than the retiree payments of **\$50.5 million**
- Pension assets have fallen from \$263 million in 2015 to the \$180 million earlier this year.



# Needed Investment in Flint Pensions



# Long-Term Pension Funding

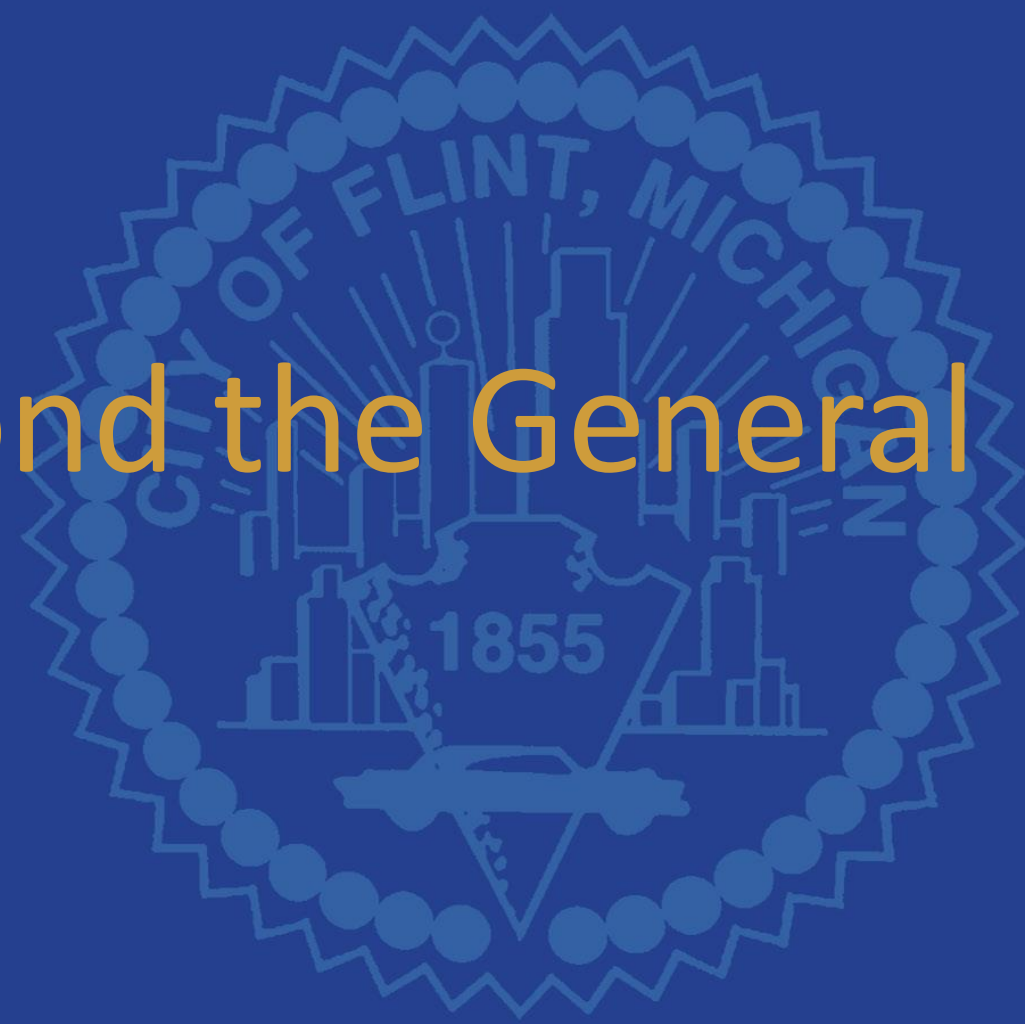


# Impact on Fund Balance

- City Council responsibly accumulated significant General Fund Fund Balance
- Proposed budget maintains \$6.3 million in fund balance.
- Now is an appropriate time to spend some of our reserves
  - To maintain city services
  - Protect employee pensions
  - Avoid mass layoffs



# Beyond the General Fund



# Beyond the General Fund

- Other funds – Special Revenue, Debt and Capital Funds – are paid for with property taxes or fees
- These funds remain balanced
- The city continues to invest in maintaining critical public services and paying debt service



# Water & Sewer Funds Overview

- Rates remain the same in FY21 proposed budget
- Invests in required capital maintenance and improvements
- Funds needed employee positions
- Stops transferring money from the Water and Sewer Funds to the General Fund



# Water and Sewer Funds Issues

- Water shutoffs remain suspended.
- 103 water service reconnections and 225 new water service customers since March
  - City has applied for reimbursement
- Revenue collection trending at 75%-80% since March
- Collections exceeded expectations before March, providing some cushion to current reduction





# Review and Next Steps



# Overview and Next Steps

- This is what it costs to operate the City of Flint
  - Our largest single increased expense is meeting retiree and pension obligations.
  - Additional cuts would have a huge detrimental impact on our ability to provide city services
- We face significant uncertainty
  - COVID-19 related costs for facilities, equipment and testing
  - Workforce disruption now and in the future
  - Economic recession and/or bounce back
  - Potential reimbursement or federal aid for expenses



# Continuing the budget process

- We HOPE to find out state revenue sharing funding in late June
- early indications of impact on income taxes is withholding is trending slightly negative
- We will work cooperatively to track the budget with council as recession continues
- We will offer additional recommendations as needed for budget amendments



