



PROPOSED AGENDA
SPECIAL MEETING OF THE CHARLOTTE CITY COUNCIL
111 E. Lawrence Ave, Charlotte, MI 48813 (517) 543-2750
11:00 A.M. Monday April 15, 2024

Interested persons can participate in-person or via Zoom
Connect to Zoom from your computer, tablet, or smartphone
Website: <https://us02web.zoom.us/j/89852527032>
One tap mobile: +16465588656,,89852527032#
Telephone: (312) 626-6799 Webinar ID: 898 5252 7032

- 1. Call to Order**
- 2. Roll Call**
- 3. Pledge of Allegiance**
- 4. Absence of Council Members**
- 5. Public Comment** - Limit presentation to five (5) minutes. Attendees desiring to address council who are participating with ZOOM may raise your hand now or if attending via a phone call, press *9 (star nine) on your keypad
- 6. Approval of Agenda**
- 7. Business Item**
 - a. Budget work session
- 8. Public Comment** - Limit presentation to five (5) minutes. Attendees desiring to address council who are participating with ZOOM may raise your hand now or if attending via a phone call, press *9 (star nine) on your keypad
- 9. Mayor and Council Comments**
- 10. Adjourn**

~Mary LaRocque, City Clerk

ADDRESSING THE CITY COUNCIL

Comments shall be made only during times set aside for that purpose.
Each citizen may speak for up to 5 minutes during each public hearing and comments period.
Comments made during public hearings shall be relevant to the subject of the public hearing.
Comments shall be made from the podium unless otherwise directed by the Mayor.
Comments shall be directed to the Mayor and Council members.
Speakers shall begin by stating their name and indicate if they are a resident or non-resident of the City.
Speakers shall refrain from using vulgarity, hate speech or "fighting words."



City of Charlotte

APRIL 15TH WORK SESSION

FISCAL YEAR 2025 BUDGET REVIEW

Overview

- ▶ Tonight
 - ▶ Introduction to the Budget Process
 - ▶ Overview for Fiscal Year (FY) 2025- July 1, 2024- June 30, 2025
- ▶ Upcoming Key Dates
 - ▶ 5/28/2024-Public Hearing on Budget
 - ▶ 6/10/2024- City Council consideration of the budget

Introduction to the Budget Process

- ▶ Legal Requirements of a Budget
- ▶ Financial Environment
 - ▶ Key Budget Assumptions
 - ▶ General Fund Revenues
 - ▶ General Fund Expenditures
 - ▶ Fund Balance of the General Fund
 - ▶ Pension Liability
 - ▶ All Other Funds

Legal requirements for a municipal budget (State law)

- ▶ **Public Act 2 of 1968, as amended, Uniform Budgeting and Accounting Act defines the following:**
 - ▶ Budget appropriation **MUST** be in place before a governmental unit may commit to spending money. (Section 14 (3))
 - ▶ Must include prior year actual, current year estimates, and the proposed budget amount (Section 15 (1))
 - ▶ **Balanced Budget:** A budget in which revenues equal or exceed expenditures. Revenues can include a use of fund balance. (Section 15 (2))

Legal requirements for a municipal budget (State law)

- ▶ **Public Act 2 of 1968, as amended, Uniform Budgeting and Accounting Act, defines the following:**
 - ▶ Must include ALL special revenue funds & the General Fund (Section 16 (1)). This is called the General Appropriations Act. You may adopt budgets for other fund types and this is called a special appropriation act.
 - ▶ The General Appropriations Act must include the numbers of mills of ad valorem taxes to be levied and the purpose for the levy. This is also known as the “Truth in Budgeting Act”. (Section 16 (2))
 - ▶ The governing body may adopt the budget by line item, by department, or by fund.

Legal requirements for a municipal budget (City Charter)

SECTION 7.2. BUDGET PROCEDURE.

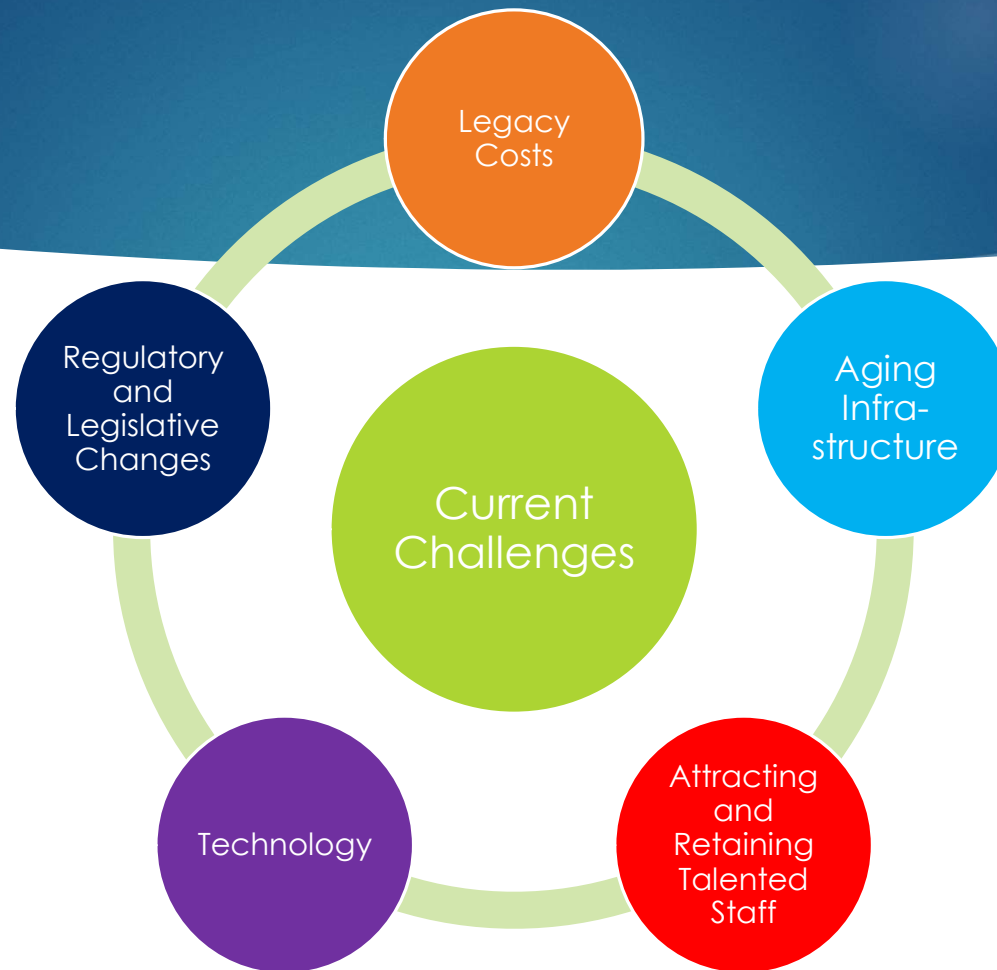
...Not later than the first meeting of the Council in April of each year, he shall submit to the Council a recommended budget for the next fiscal year which, considering any anticipated unexpended balance or deficit at the end of the current fiscal year, is within the tax limit and other anticipated revenue of the city...

SECTION 7.3. PUBLIC INSPECTION OF BUDGET PROPOSAL.

The budget proposal of the City Manager, together with his recommendations and supporting schedules and information shall be available for public inspection in the office of the Clerk for at least one week in advance of the meeting of the Council at which it is adopted.

SECTION 7.4. ADOPTION OF BUDGET.

- (A) At a regular meeting, held not later than the second Monday in June of each year, the Council shall, by resolution, adopt a budget for the ensuing fiscal year and make an appropriation of the money needed therefor. Such resolution shall designate the sum to be raised by taxation for the general purposes of the city and for the payment of principal and interest on its indebtedness. Failure to adopt such resolution within the time herein set shall not invalidate either the budget or the tax levy therefor. Should the Council fail to adopt a budget by the thirtieth day of June in any year, the budget proposal of the City Manager shall constitute a de facto budget for the city, until such time as the Council shall adopt a budget and an appropriation for all expenditures thereunder shall exist as though made by the Council.
- (B) A copy of the appropriations for each fiscal year, certified by the Clerk, shall be furnished to the City Manager and the Assessor within ten days after the date of the adoption of the budget resolution.



Financial Environment

► Property Tax Revenue

► Headlee and Proposal A Constraints

► Proposal A of 1994

- Created new methodology to determine property values for tax purposes.
- Prior to Proposal A, property taxes were levied on State Equalized Value (SEV). Now taxes are levied on Taxable Value.
- Under Proposal A, each property has an Assessed Value, a Capped Value and a Taxable Value.
- Assessed Value is one-half of the assessor's estimate of true market value.
- Capped Value is equal to the prior year's Taxable Value adjusted for inflation. The inflation rate multiplier is limited to the lesser of inflation or 5 percent, and can sometimes be a reduction.
- Taxable Value is equal to the lesser of Assessed Value or Capped Value.
- Upon transfer, Taxable Value is "uncapped" and reset to Assessed Value.

► State-shared revenue

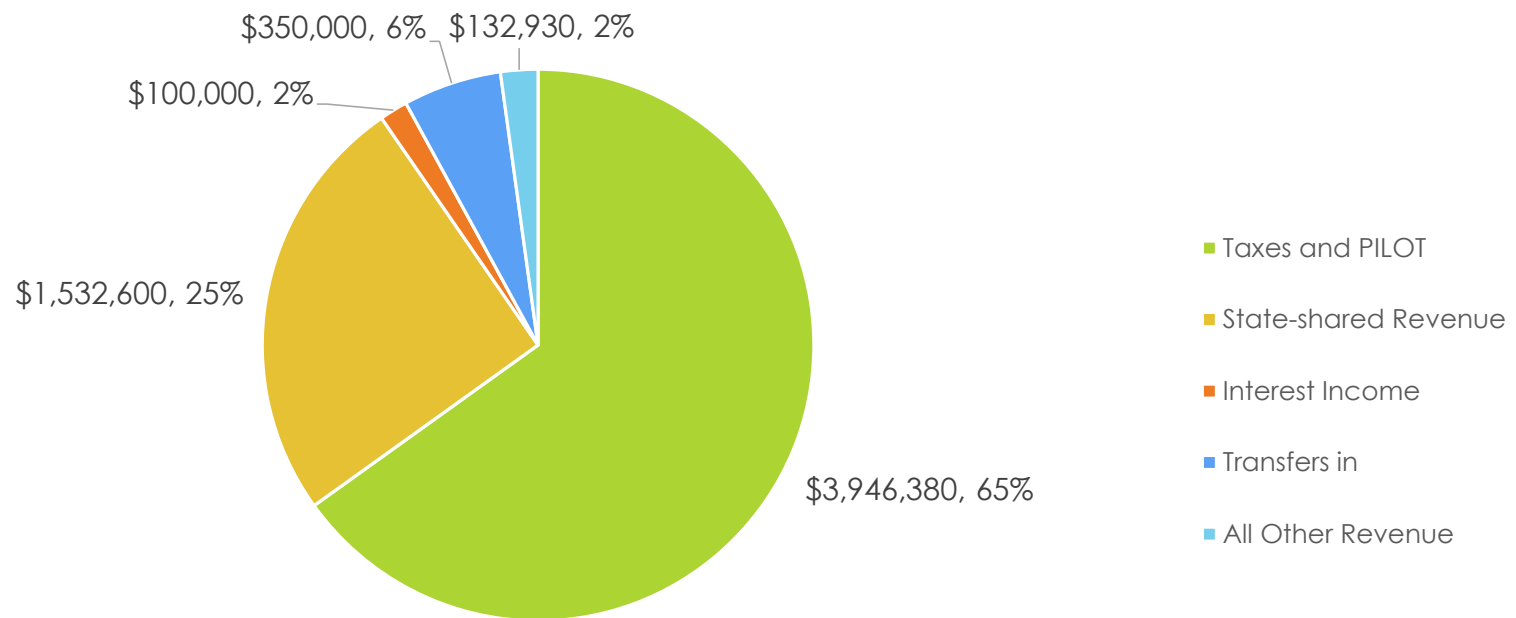
- Dependent on the State of Michigan budget appropriations
- Does not keep pace with inflation
- Very sensitive to the economy (sales and use tax)

Key Budget Assumptions

Category	Assumption
Tax Revenue	5%
State-shared Revenue	Relatively Flat
Interest Income	~250% due to interest rate increases
Wages	No across the board until union contracts are settled
Fringes-Health Care	8% increase in premium
Fringes-Defined Benefit Pension	Per the actuary report
Fringes-All Other	Relatively Flat
Property and Liability Insurance	10% Increase
Utility Rates	Relatively Flat

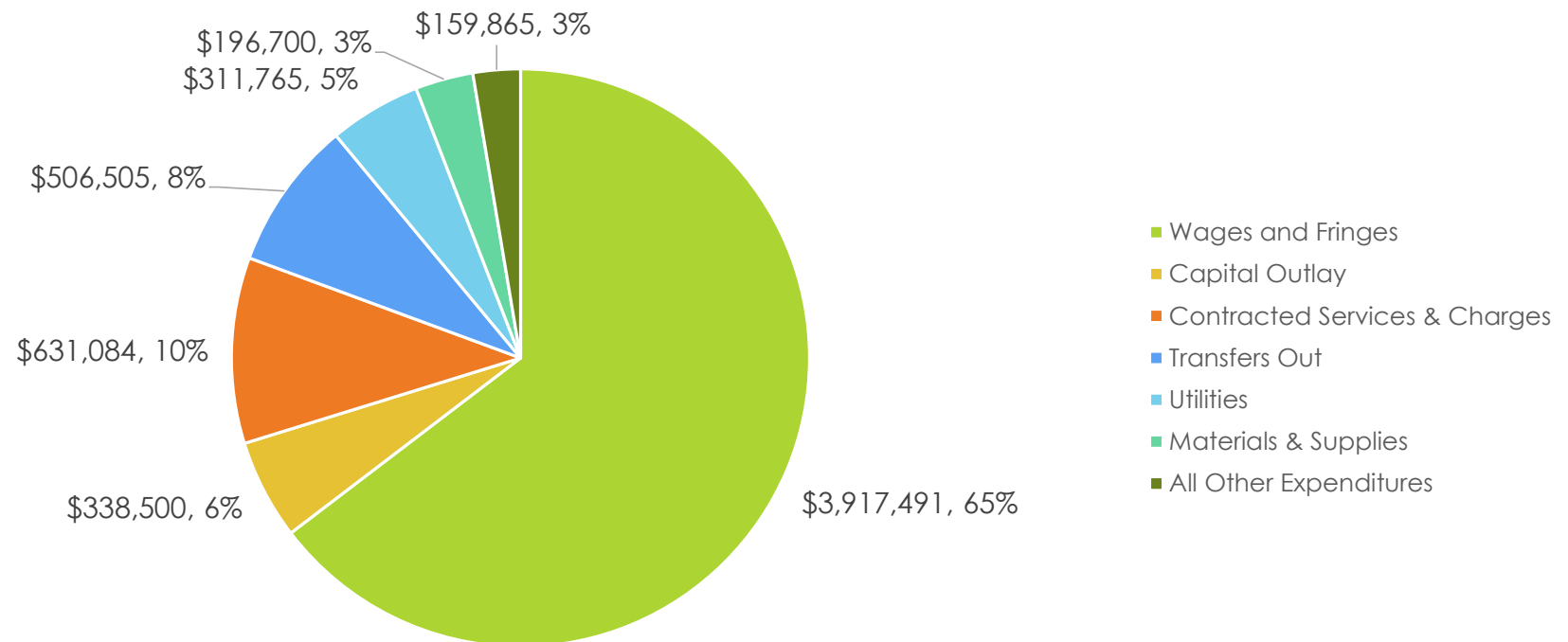
Fiscal Year 2025 Proposed General Fund Revenue-\$6,061,910

10

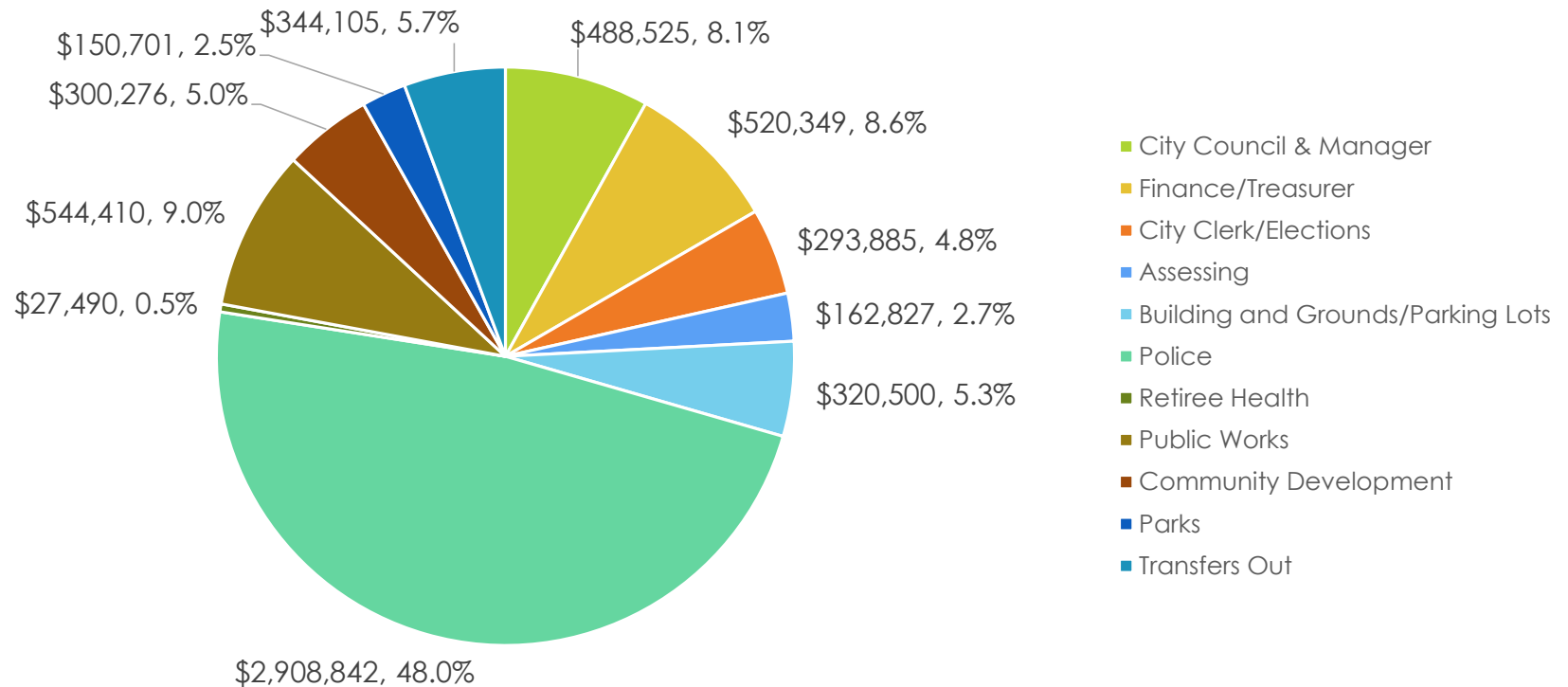


Fiscal Year 2025 Proposed General Fund Expenditures by Type-\$6,061,910

11



Fiscal Year 2025 Proposed General Fund Expenditures by Department-\$6,061,910



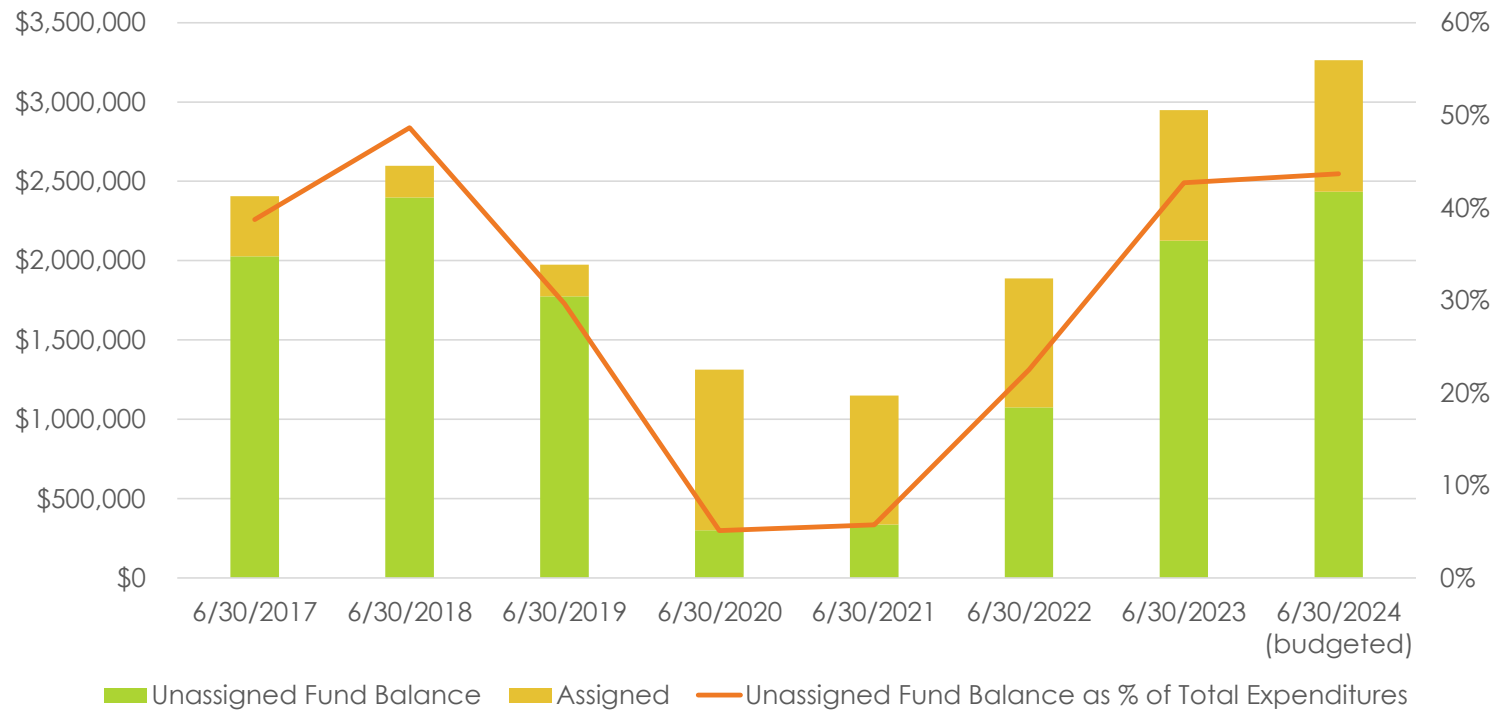
Proposed General Fund Capital- \$338,500

Project	Amount
Upgrade flooring in City Hall	\$24,000
HVAC Controls Upgrade	\$40,000
Rear Approach Cement	\$12,000
Bathroom Upgrade	\$30,000
Police Work Stations/Carpet	\$20,000
Replace 2 Patrol Cars	\$125,000
Police Axon Contract	\$50,000
Officer Purchase Program (reimbursed)	\$10,000
Night Vision/Thermal Imaging	\$2,500
Playground Equipment	\$15,000
Other Building Equipment	\$10,000

General Fund Revenues and Expenditures Summary

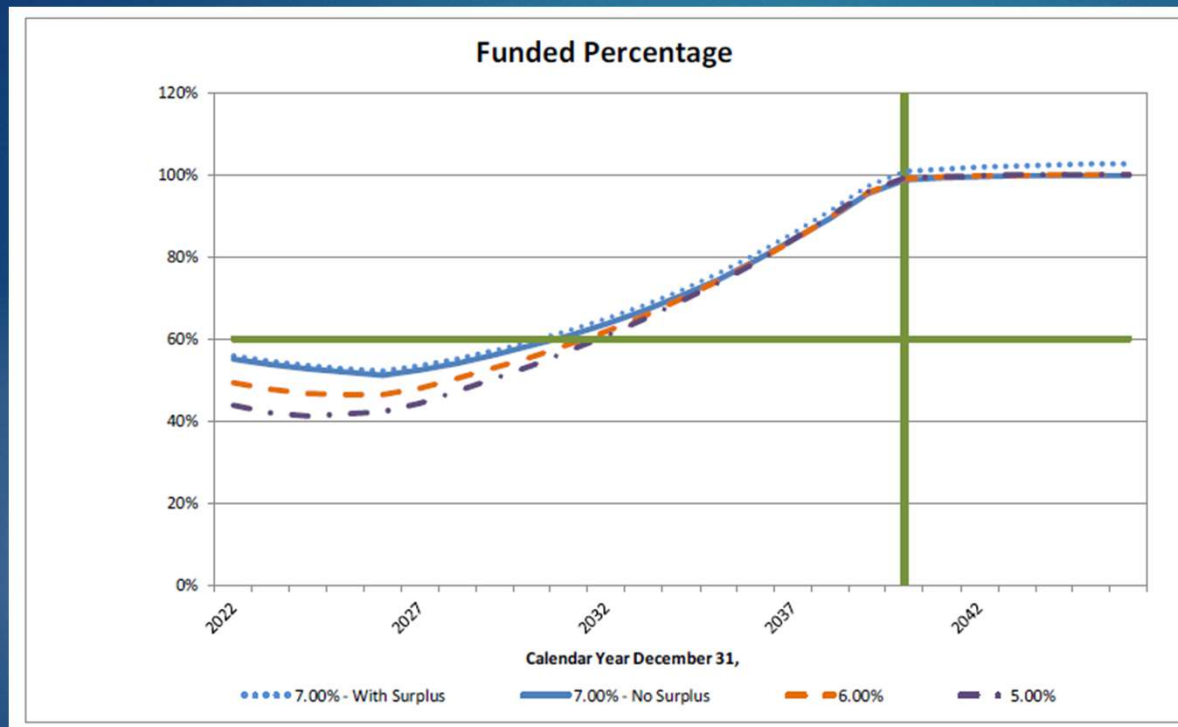
	Fiscal Year 2024-2025
General Fund Projected Recurring Revenues	\$6,061,910
General Fund Projected Recurring Expenditures	(\$5,723,410)
General Fund Recurring Revenues Net of Recurring Expenditures for FY24-25 prior to wage and related fringe increases	\$338,500
General Fund Capital (Non-recurring)	(\$338,500)
General Fund Revenues Net of Expenditures	\$-

Fund Balance Summary for the General Fund

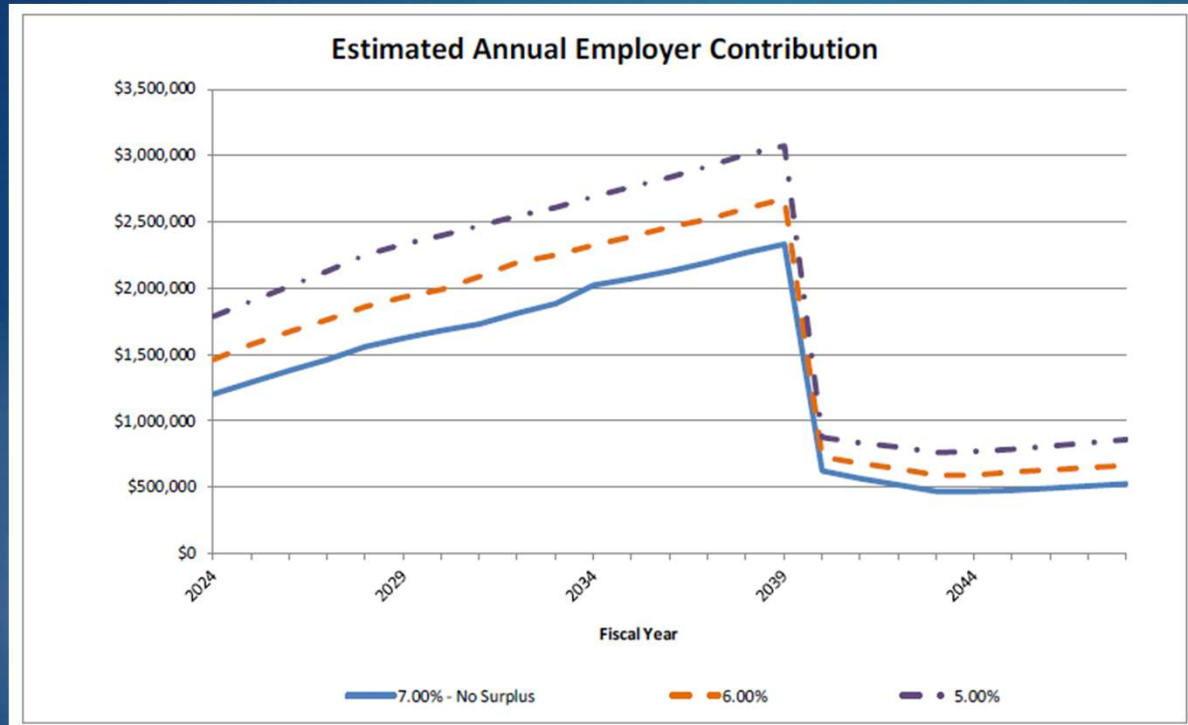


Long-term obligations-Defined Benefit Pension

	12/31/22	12/31/21	12/31/20	12/31/19	12/31/18
Pension Liability	\$25,525,414	\$25,447,195	\$24,333,180	\$23,428,101	\$22,446,386
Pension Investments	\$12,654,914	\$14,655,970	\$13,381,396	\$12,580,689	\$11,845,347
Net liability	\$12,870,500	\$10,791,225	\$10,951,784	\$10,847,412	\$10,601,039
% Funded	49.58%	57.59%	54.99%	53.70%	52.77%
Annual Contributions	\$1,281,922	\$1,011,779	\$911,923	\$769,903	\$726,016



Pension
Future
Funding
Percentage



Pension
Future
Contributions

Other Operating Funds

Department of Public Works (DPW)

- Major Streets-Fund 202
- Local Streets-Fund 203
- Water/Sewer-Fund 510
- Recycling-Fund 518
- Motor Pool-Fund 601

Fire

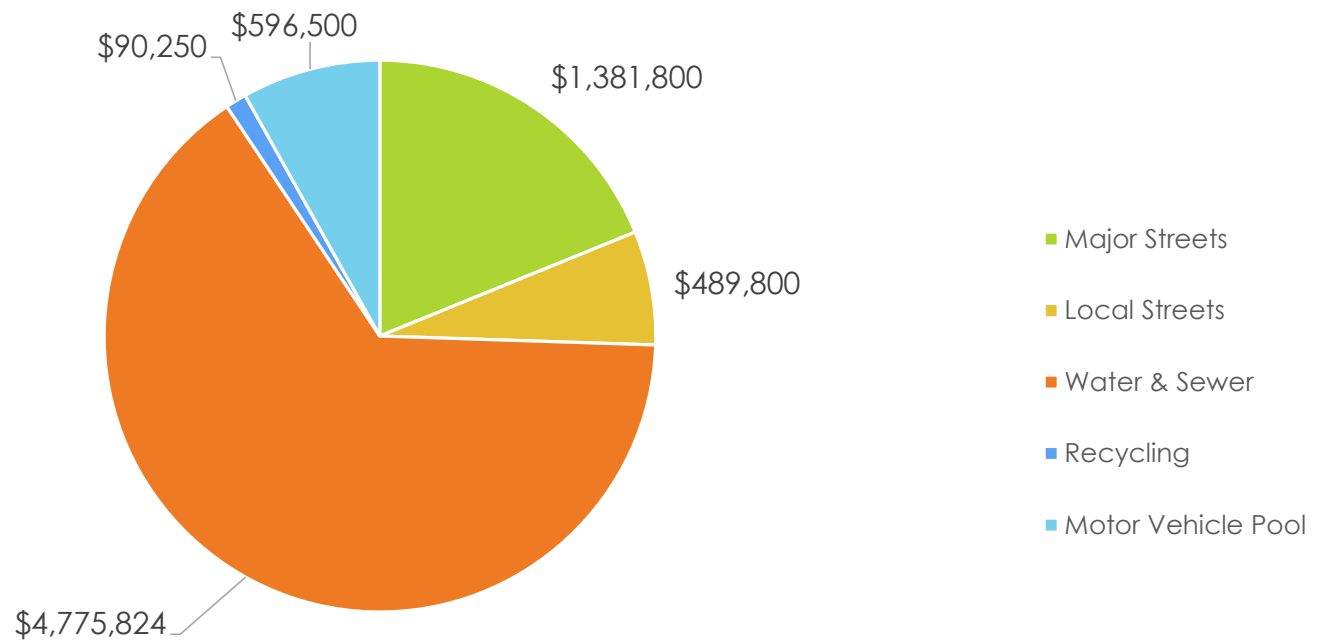
- Fire Operating-Fund 206
- Fire Equipment-Fund 403

Other

- Police Drug Enforcement-Fund 230
- Act 302 Police Training-Fund 232
- Brownfield-Fund 243
- Economic Development-Fund 244
- Downtown Development Authority-Fund 248
- Local Development Finance Authority-Fund 250
- Camp Frances-Fund 285
- Federal & State Grants-Fund 286
- Airport-Fund 295
- 2008 Debt-Fund 304
- Revolving Capital-Fund 403
- Information Technology-Fund 666
- Charlotte Area Rec Co-op-Fund 800

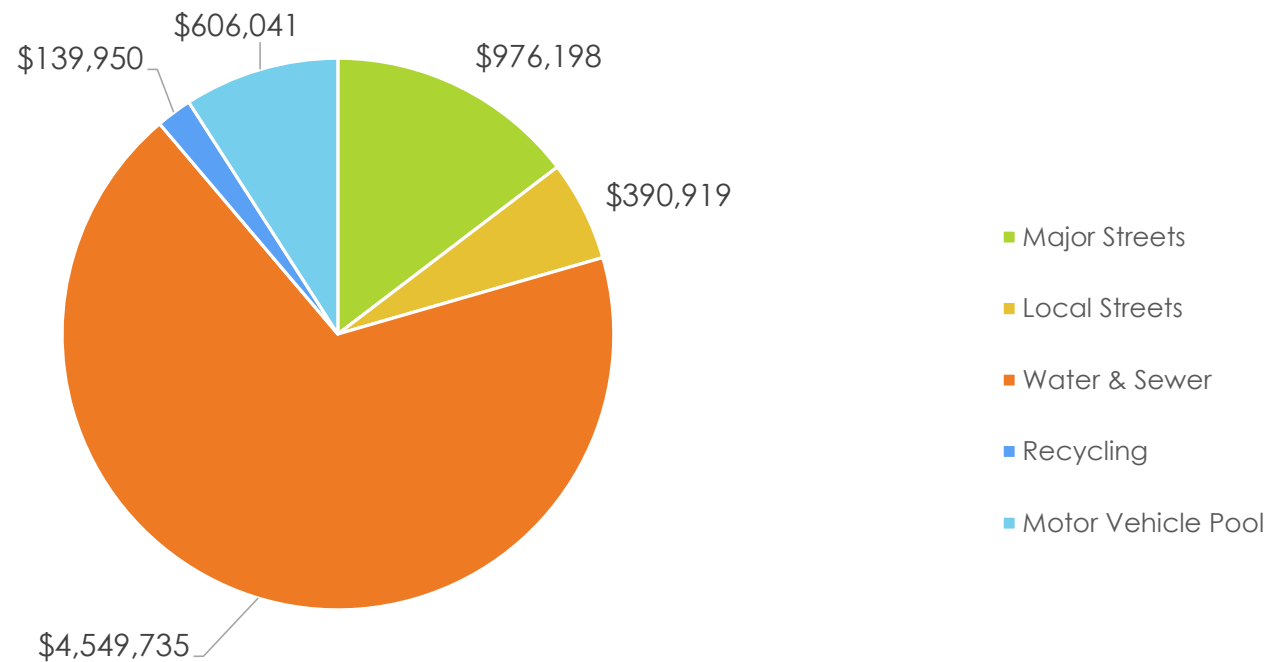
Fiscal Year 2025 Proposed DPW Funds Revenue

20



Fiscal Year 2025 Proposed DPW Funds Expenditures

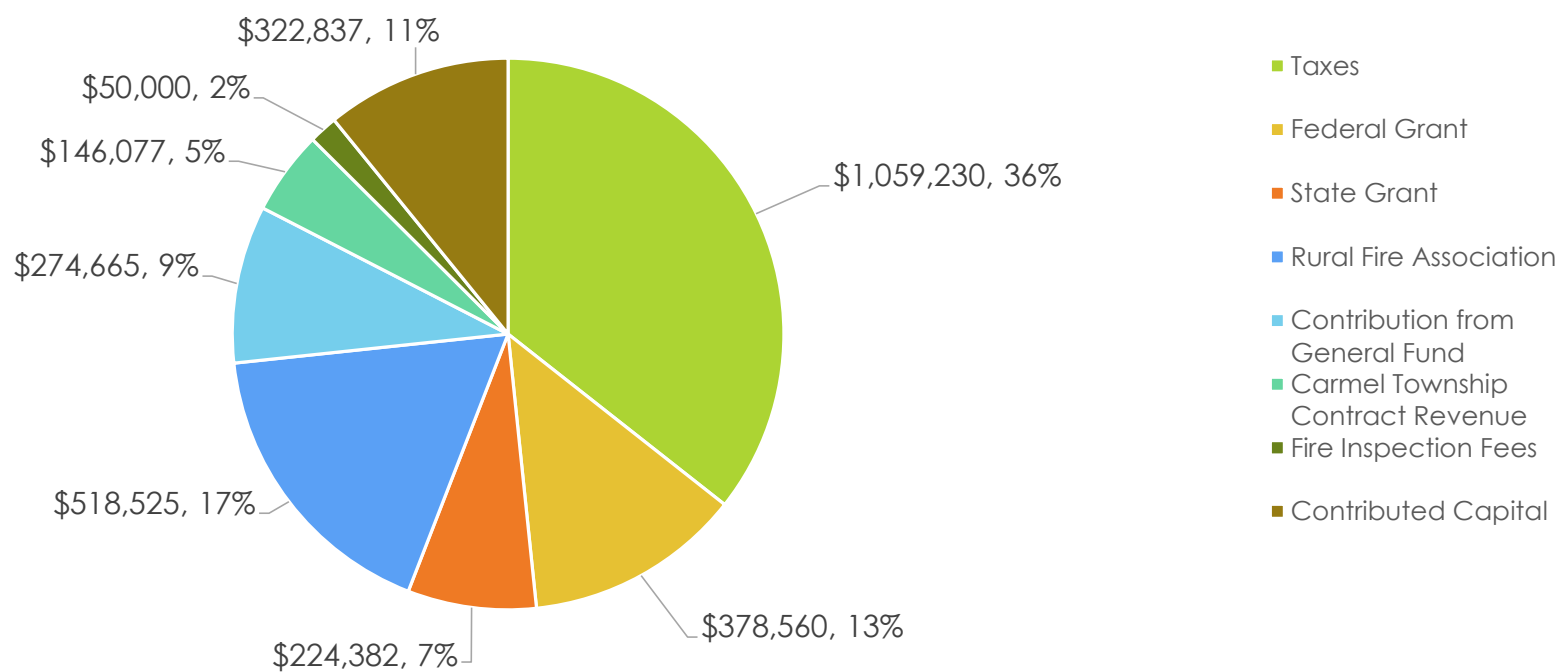
21



Proposed DPW Fund Capital-\$1,936,500

Project	Amount
Major Streets	\$500,000
Water & Sewer-Lift Stations	\$125,000
Water & Sewer-WWTP	\$45,000
Water & Sewer-Mains	\$750,000
Water & Sewer-Water Tower	\$150,000
Water & Sewer-Water Improvements	\$40,000
Recycling-Storage Building & Jack	\$84,500
Motor Vehicle Pool-Backhoe	\$170,000
Motor Vehicle Pool-Pickup	\$50,000
Motor Vehicle Pool-Radios, Bobcat Accessories, Other	\$22,000

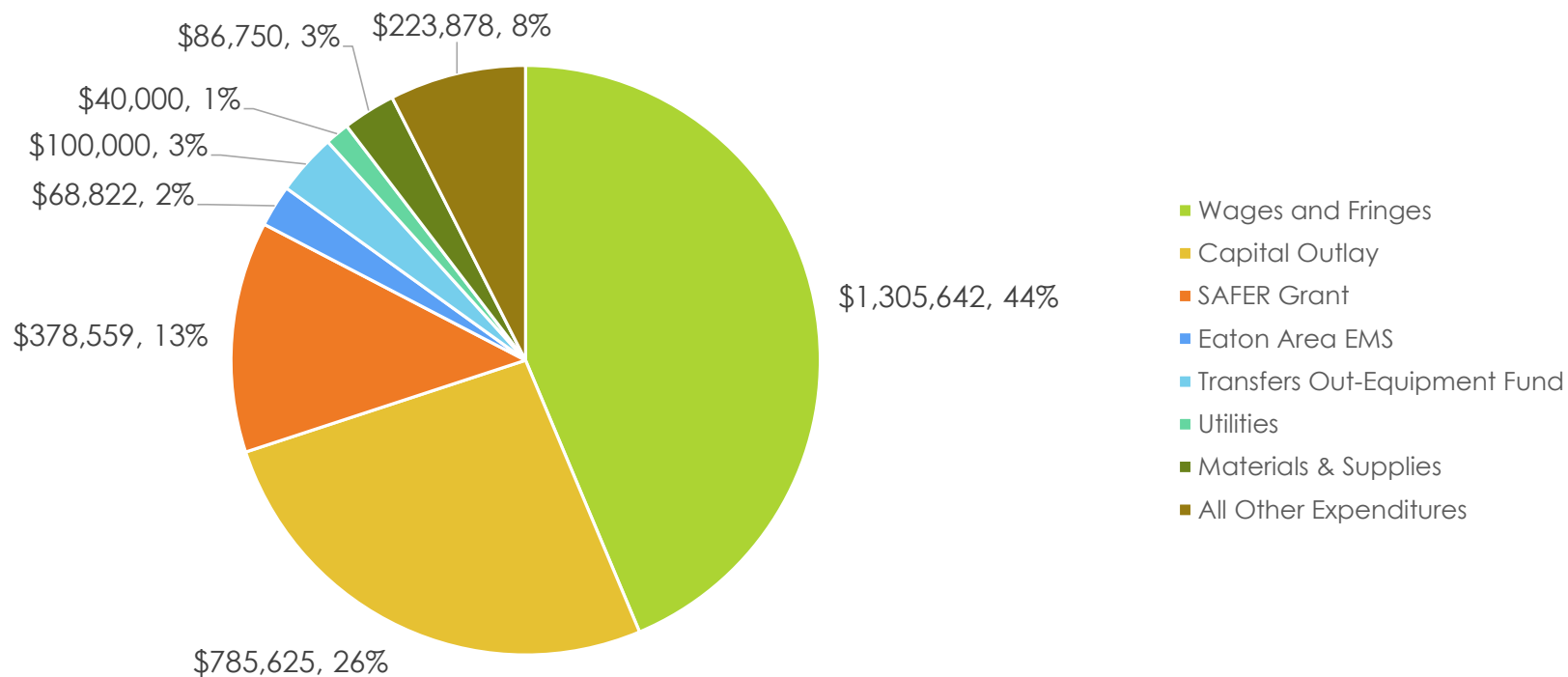
Fiscal Year 2025 Proposed Fire Fund Revenue-\$2,989,276



Fire Fund Revenue Update from the 4/8/2024 Draft Budget to Council

- ▶ 626.001 Rural Fire Association-was \$518,525- Should be \$428,906
- ▶ 690.000 Contributed Capital- was \$322,837- Should be \$257,837
- ▶ The total reduction in revenue is \$154,619. The implication would be an increase to the following revenue lines:
 - ▶ 402.000 Property Taxes- was \$1,059,230-Should be \$1,190,657
 - ▶ 699.101 General Fund Contribution-was \$274,665- Should be \$297,858
- ▶ The impact to the Property Tax Special Assessment would be a .6767 mill increase from the prior year. For the average homeowner with a taxable value of \$53,977, the increase is approximately \$37 annually.

Fiscal Year 2025 Proposed Fire Fund Expenditures by Type-\$2,989,276



Proposed Fire Fund Capital-\$785,623

Project	Amount
Unit 314 Rescue Pumper	\$749,673
Radio/Pager	\$6,000
Saw	\$1,250
Confined Space Rescue Equipment	\$12,000
Hoses & Nozzles	\$6,000
Dorm Equipment	\$4,000
Bumper Winch Unit	\$4,700
Washer/Dryer	\$2,000

Questions?