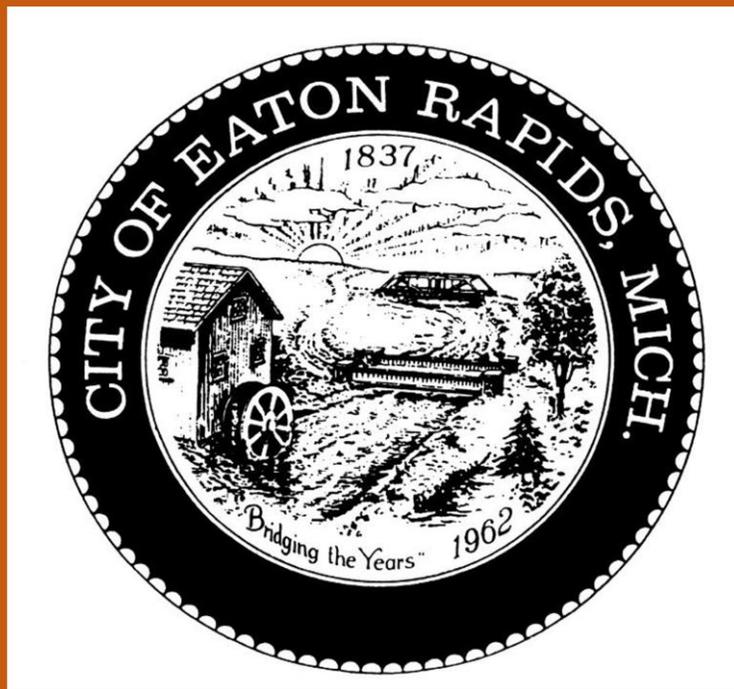


CITY OF EATON RAPIDS ANNUAL BUDGET



FISCAL YEAR 2021-2022 AND 2022-2023

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City Administration

City Council

Paul Malewski, Mayor
Pam Colestock, Mayor Pro Tem
Gary Wichman
Suzanne Politza
W Z Steele

City Administration

Aaron Desentz, City Manager
Larry Weeks, Police Chief
Roger McNutt, Fire Chief
Laura Boomer, City Clerk
Marrie Jo Carr, City Treasurer
Lindsey Zeller, Quality of Life Director
LeRoy Hummel, Building Official
Keith Moss, Public Works and Utilities Director

City Manager's Budget Message

Mayor Malewski and City Council Members,

The City Administrative Team is proud to present this budget document for Fiscal Years 2021-2022 and 2022-2023. This is the third year that the team has assembled and presented a multiple year budget document in this form. This continues to be an important achievement to present the City's dedication to responsible fiscal governance. While this message is presented by the City Manager, work on this document was completed at multiple levels of this organization. The budget process was multi-staged but effective. Many thanks to individuals at all levels of our organization for their work on this final document.

The City of Eaton Rapids responsibly operates many funds listed throughout this budget document. This administration introduced new levels of oversight and public input in the budget process including the attached Capital Improvements Plan (CIP) and the City's Purchasing Policy.

There was a great deal of uncertainty during the COVID-19 pandemic. While short-term setbacks effected the closeout of the 2019-2020 fiscal year, 2020-2021 has been a good year overall of the City's financial position. The City is in outstanding position boasting a fund balance of 60% of expenditures at the beginning of our current fiscal year.

The City has chosen to put that money to work in the community as a match to a Community Development Block Grant (CDBG). This has led to the construction of the City's Riverwalk project; replacing needed infrastructure at the G.A.R. Island Park and adding a new Riverwalk from Hamlin Square to Mill Pointe Park.

The City plans to invest in parks and public infrastructure with projects on Brook Street and at Howe Memorial Fields. The City also continues to develop our IT infrastructure to meet customer needs for more online transactions and communication.

With the use of the City's multiyear budgeting plan, Capital Improvements Plan, and long-term development plans, we are able to complete the above with great assuredness that our future financial position will continue to be strong. This effort is a team effort that is achieved with buy-in at all levels of the organization. My continued thanks to all of our staff and volunteers for the dedication to making Eaton Rapids such a special place.

Aaron Desentz
City Manager

Financial Policies:

The budgeting and accounting policies of the City of Eaton Rapids conform to all Generally Accepted Accounting Principles (GAAP) as applicable to units of government. The following are other significant budget laws and guidelines that the City follows:

Charter Provisions

The City Charter has several articles that govern the financial activities of the City:

- Chapter 6 – Administrative Service
- Chapter 7 – General Finance
- Chapter 8 – Taxation
- Chapter 9 – Special Assessments
- Chapter 10 – Borrowing Power
- Chapter 12 - Contracts
- Chapter 13 – Utilities Franchises

Uniform Budgeting Act

The City is legally subject to the budgetary control requirements of the State of Michigan P.A. 621 of 1978 known as the Uniform Budgeting Act. The following statements represent a brief synopsis of the major provisions of the Uniform Budgeting Act:

- Budgets must be adopted for the General Fund and all Special Revenue Funds.
- The budget must be balanced.
- The budgets must be amended when necessary.
- Debt cannot be entered into unless permitted by law.
- Expenditures cannot exceed budget appropriations.
- Expenditures cannot be made unless authorized in the budget.
- A public hearing must be held before the budget is adopted.

While the Uniform Budgeting Act only requires that budgets are adopted for the General Fund and Special Revenue Funds, budgets are prepared and adopted for capital improvement, and enterprise funds as well.

Uniform Chart of Accounts

The Michigan Department of Treasury publishes a Uniform Chart of Accounts of Counties and Local Units of Government. The City uses these standards to maintain and update its own chart of accounts.

Other City Policies

The City has a set general financial administration policies and procedures. These policies provide guidelines for the financial decision-making process and represent long-standing principles and practices that have helped to maintain the City's current financial stability. The City has also adopted a number of purchase control and reserve policies such as the Purchasing Policy and Investment Policy.

City Fund Structure

Fund Accounting

The accounts of the City are organized by funds and account groups, each of which is considered a separate accounting entity. Each fund is designated by the revenue and purpose of the specific activities or objectives of the City in accordance with special regulations or restrictions. Funds are grouped into generic fund types in three (3) categories:

Governmental Funds

- **General Fund:** The General Fund activities are financed by revenue from general government collections. The majority of these revenues are derived from property tax collections. Other sources of revenue include permit fees, state revenue sharing, and contributions from other funds. The General Fund contains accounting for activities such as police protection, government administration, fire suppression, and parks and recreation.
- **Special Revenue Funds:** Special Revenue Funds are used to account for proceeds of revenue from financing activities requiring a separate accounting because of legal or regulatory requirements. The City has several Special Revenue Funds including Major Streets Fund, Local Streets Fund, Building Inspection Fund, and Parks and Recreation Fund. The City has two (2) special revenue funds operated by the controlling bodies which those funds are appropriately named after: The Downtown Development Authority (DDA) Fund and Local Development Finance Authority (LDFA) Fund.
- **Debt Service Funds:** Debt Service Funds are used to account for the annual payment of debt; both principal as well as interest. Enterprise Fund debt is accounted for in the Enterprise Funds.

Proprietary Funds

- **Enterprise Funds:** The Utilities Fund accounts for the results of operations that provide water, wastewater, and electric services to the residents of the City and nearby customers connected to those systems. The rates charged for these services are set by the City Council.

Fiduciary Funds:

Fiduciary Funds are those funds that are held in escrow for individuals, organizations, other governments, or other funds. The City does not include these funds in the annual budget.

Process for Preparing the Annual Budget

The budget process for the City of Eaton Rapids is cyclical. The City staff regularly monitors the City finances throughout the year and recommendations for amendments are made as needed. The Treasurer provides the City Council a quarterly update of the City finances and provides insight on the budget throughout the year. Halfway through the fiscal year, the City Manager uses the six-month figures to estimate the City's position at the end of the current fiscal year.

The typical start of the budget process begins when the City Council convenes for an annual goals and objectives meeting. The City Manager and staff use these goals and objectives for the basis of financial planning for the next fiscal year. Department Heads submit their requested budget to the City Manager by March. City staff meets and discusses the proposed budgets by department ahead of the Budget Committees meetings in April. The Budget Committee then reviews each department budget and each fund and offer their thoughts on the budget ahead of a presentation to the City Council.

The City Manager works with the Treasurer on a first draft of the budget. That draft is presented to Council in April at a budget workshop and presentation. The City Council offers their insight on the budget and changes are made as needed. The budget is then presented to the public at a hearing in June. The final version of the budget is presented to the City Council in June for formal adoption prior to the end of the month.

Overview of Significant Budgeting Items

Property Tax Information

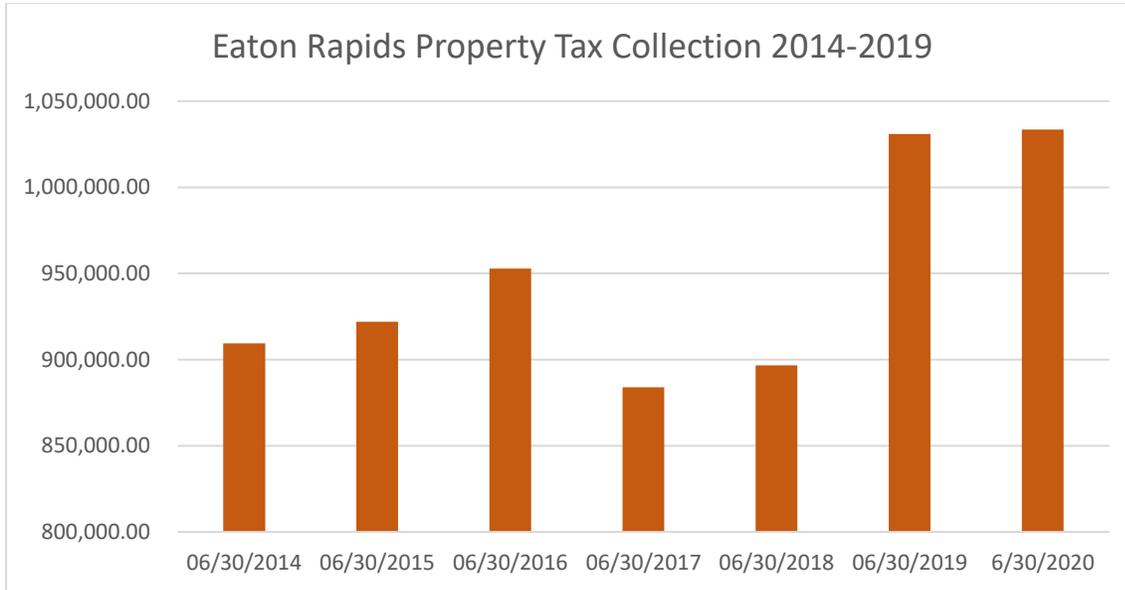
Property taxes are the largest source of revenue for the City General Fund. This revenue is mostly dependent on two (2) variables – the taxable value of all property in the City and the millage rate. The City Assessor determines the taxable value based on established assessing criteria. Millage rates in the City of Eaton Rapids are set by the City Council. The formula to determine property tax value is: $\text{Property Taxes} = (\text{Taxable Value} \times \text{Millage Rate}) / 1000$.

However, this does not account for all of the variables when analyzing actual anticipated revenues. Certain factors affect how much the City of Eaton Rapids will collect which includes delinquent payments, new construction, and Board of Review challenges.

The City's millage rates for the next two fiscal years will remain at the same rates that have been in effect for several years. The City levies mills for regular operating expenses (8.55 mills), and for parks and recreation services (0.855 mills). The total estimated collection of property taxes for FY 2020-2021 is \$998,500.

Below you will see a historical representation of the City's property tax collections. Between the years of 2016 and 2017, the City lost a significant tax tribunal case resulting in a significant loss to the City's previously calculated taxable values. Despite this, the City's collections have continued to increase every

year. However, this represents an annual increase of 1% which does not keep up with the current rate of inflation. Prop A and Headlee are two laws that prevent the City's property taxes from growing beyond our current rate. The only way that the City will see significant increases to our taxable value is either a change in the law or in new construction being added within our borders.



State Revenue Sharing

Revenues received from the State of Michigan are very important to the City of Eaton Rapids. The annual estimates for revenue sharing from the State of Michigan are published by the Michigan Department of Treasury and can be found on their website. In past years, the State of Michigan decreased the amount that it gave to all municipalities. In very recent years, that amount has gradually increased.

State revenue sharing has remained relatively flat despite the short-term disruption to State revenues caused by the COVID-19 pandemic. The State projects a relatively flat contribution in the form of revenue sharing moving forward.

Street Funds

Street funds come to the City of Eaton Rapids from the Michigan Department of Transportation. These funds are allocated through a formula as prescribed by Public Act 51. This formula is dependent on the community's population and the length of road that the community maintains. The Michigan Department of Transportation (MDOT) releases an annual worksheet that allows a municipality to estimate the amount of funds it will receive through this program.

Road Projects

The City's streets funds look much better than they previously did. The State passed an increase in registration and other taxes to increase the amount of Act 51 dollars that the City receives. The full release of those funds through the Act 51 formula will be experienced in the next two fiscal years.

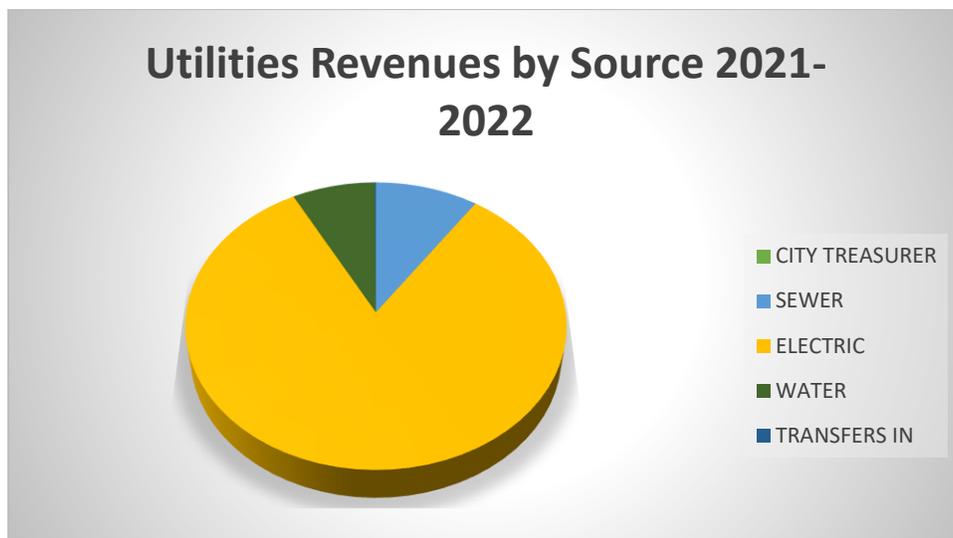
The City is budgeting for the reconstruction of Brook Street in 2021. Future street projects will be considered by the City Council for construction year 2022 and forward. The City is able to fund annual

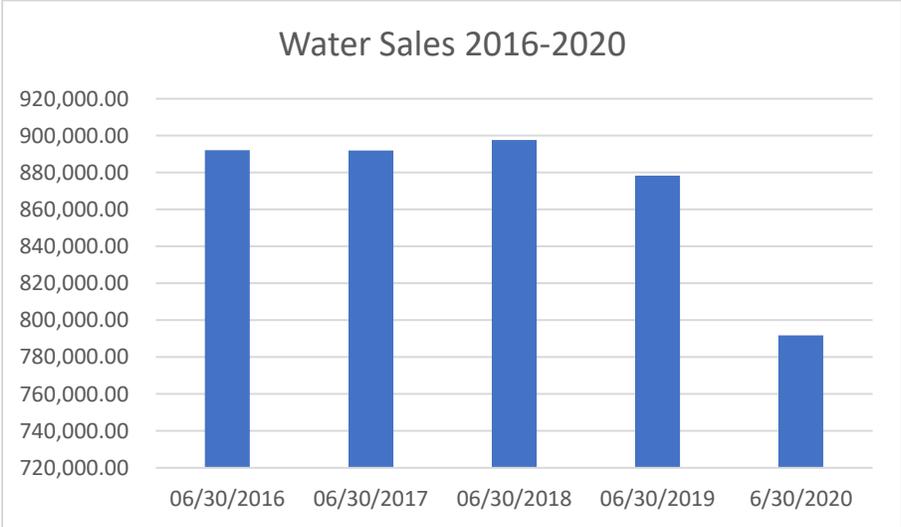
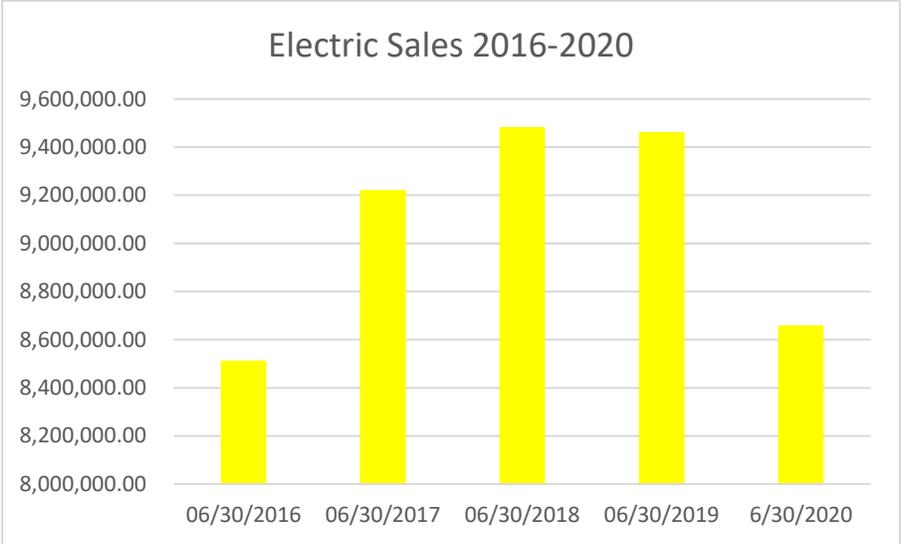
road projects at a rate of \$300,000 per year on average. A mix of fixes is best for the City to maintain its streets to the best of its ability. The City will continue to make in house repairs including hot patching and crack sealing. Lastly, the City is planning on repairing sidewalk throughout our system. The current budget calls for \$50,000 in Major and Local Street funding to be used on our most needed areas.

Utilities Revenue

The City charges for three (3) utility services that we provide; water, sewer, and electric. The rates for these services are set by the City Council. Water and sewer charges have remained flat for several year. The City has seen an increase in electricity sales revenue since 2016. The City plans to review rates over the next year to ensure that rates adequately meet the needs of our utility systems. Overall utility revenues have increased in electric and sewer with some decrease in water usage city-wide.

The COVID-19 pandemic had a negative impact on rates for the end of fiscal year 2019-2020. However, at the start of 2021-2022 the City made up for some of this lost revenue as consumption quickly returned to normal. The City is projecting the current fiscal year to end about 5% over initial revenue estimates across all utility revenue streams.





Power Purchases

The City of Eaton Rapids supplies electric power to over 5,200 residents within and outside of the City's boundaries. The City enters into power purchase agreements as part of a collaborative purchasing organization called the Michigan Public Power Agency. Through the MPPA, the City purchases over \$7 million in energy from outside providers and through the purchase of shared assets with other municipal electric service providers.

Electric markets have a significant impact on the City's budget with just over one-third of the City's total expenses going toward power purchases. This power is then retailed at a net gain to the City. Currently, the power markets are very tight with supply and demand staying roughly equal. The City can realize some savings by engaging in future projects with the Michigan Public Power Agency (MPPA).

Pension/OPEB

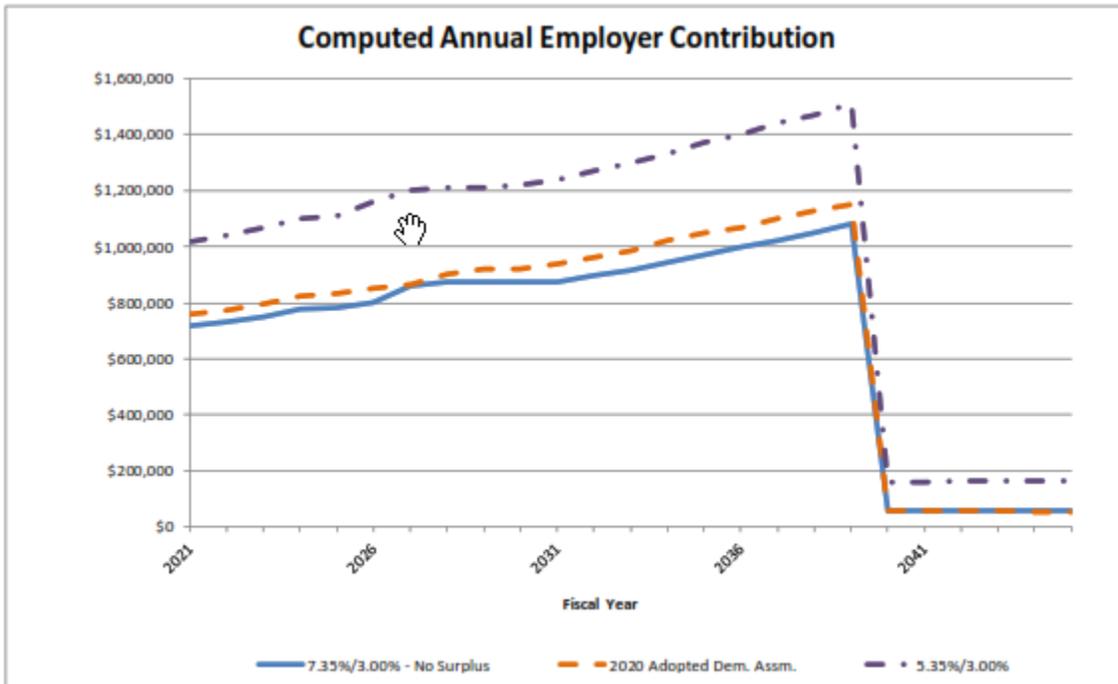
The City of Eaton Rapids has unfunded liabilities in the form of pension and Other Post-Employment Benefits (OPEB). Pension refers to the assumed benefit promise allotted to each employee that is part of the City's pension program. OPEB refers to the City's promised retiree health insurance obligations.

The City's total unfunded at the date of the last evaluation (December 31st 2019) was \$11,061,078. Previously the City's unfunded liabilities in 2018 were just over \$17 million. The City was able to work with active and retired employees to offer a comparable health insurance plan after retirement. This change saved the City \$6.5 million over 30 years.

Changes in the Net OPEB Liability

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at June 30, 2019	\$10,229,457	\$142,316	\$10,087,141
Changes during the Year			
Service Cost	364,251		364,251
Interest	312,942		312,942
Experience (Gains)/Losses	1,377,195		1,377,195
Change in plan terms	(7,931,229)		(7,931,229)
Change in actuarial assumptions	(326,210)		(326,210)
Contributions to OPEB trust		140,000	(140,000)
Contributions/benefit paid from general operating funds		324,644	(324,644)
Net Investment Income		470	(470)
Benefit Payments; Including Refunds of Employee Contributions	(324,644)	(324,644)	-
Administrative Expenses			-
Other Changes		-	-
Total Changes	(6,527,695)	140,470	(6,668,165)
Balance at June 30, 2020	\$3,701,762	\$282,786	\$3,418,976

The cost to maintain the City’s current benefit structure is increasing on average \$20,000 per year as necessary based on MERS current assumptions. In 2021, MERS new assumptions will take effect and that amount will increase annually. The City continues to use all of the tools necessary to address out pension liabilities. The City has successfully negotiated for lower future multipliers with our unions and will eventually phase out defined benefit plans over time. Future plans include a possible modified arrangement with the City’s pension management partners at MERS which may include paying more than the annual required contribution as well as a flat year to year amount rather than a gradual payment plan.



Fund Balance Information

Government units organize their accounting systems into separate funds. A fund is a set of accounting records that is segregated for the purpose of carrying out a particular activity. The fund is established for accounting purposes to demonstrate that financial resources are being used for the permitted purposes of that resource. A fund balance is created when fund revenues exceed fund expenditures for a fiscal period or a series of fiscal periods. The difference between the fund’s assets and liabilities equals the fund balance. The fund balance can increase or decrease from year to year depending on the difference between revenues and expenditures in that year.

Note that a fund balance is not the same as a cash account and does not correspond to the City’s bank balance. A fund balance is an internal accounting system for cash and receivables as well as liabilities such as payables. In addition, a portion of the fund balance may be committed by Council or the City Administration for a specific project.

Some State and Federal mandates require the City to establish separate funds for particular funds. Special Revenue Funds such as the Major Street Fund and Local Street Fund are established based on

these requirements. Any leftover balance must be used for projects related to the requirements of those revenues as set by the State and Federal government. The City's General Fund encompasses the City's activities not required to be separated into different funds. The balance of these funds can be used by the City for any general purpose.

How Much is a Sufficient Fund Balance?

An appropriate fund balance is important for financial planning and for long term financial success. It is important to determine the amount of fund balance to meet the needs of the City and to not accumulate too large a balance without a specific purpose for doing so. The City of Eaton Rapids is developing a Fund Balance Policy that will assign the minimum amount of unassigned fund balance to be maintained in each of the City's fund designations.

Fund balance is often expressed as a percentage of annual year expenses. Most public finance officials believe a minimum fund balance of 15% of annual expenses is necessary for a healthy General Fund. This allows for emergency expenses while cash is maintained at a sufficient level to pay short term obligations. Many professionals in the public finance industry agree that 25% constitutes a best practice for the amount of fund balance to be maintained in a City's General Fund. Again, this amount can vary City to City depending on the specific needs of the organization.

The Use of Fund Balance

The fund balance of a particular fund must be used on projects and objectives that the particular revenue is designated to fund. Furthermore, fund balance can be earmarked for particular purposes. The Governmental Accounting Standards Board (GASB) developed classifications for fund balances:

- Non-spendable: These classifications are generally from external sources such as legal or contract requirements. Non-spendable funds can also be non-cash items such as inventory or prepaid amounts.
- Restricted: Typically used for external restrictions by creditors, laws, or regulations. For example, bond reserve accounts are restricted funds.
- Committed: Amounts can be used for specific purposes imposed by formal action of the City Council such as a resolution or through an ordinance adopted by City Council.
- Assigned: This classification shows the governing body's intent to use funds for a particular purpose. This classification generally requires some action by the Council to indicate who is authorized to assign these funds on behalf of the City.
- Unassigned: This is the balance of the fund after all other allocations are made to the above classifications.

The City currently uses a designation of Restricted for some funds such as bond reserve funds. All other funds in the remaining fund balance are unassigned at this time. The City does not currently have a policy that requires a set fund balance. However, the City has been very responsible in keeping a fund balance above what many industry experts recommend as a minimum percentage of annual expenditures.

FY 2020-2021 End of Year Projections

As part of the budget process, the City of Eaton Rapids analyzes the current fiscal year projections to provide insight into usable fund balance going forward into the next budget cycle. This insight helps to align our annual budget and goals with the overall financial capabilities. Lastly, this ensures that the City will retain an adequate fund balance for needs in the future.

Projections are based using a straight-line method from a 6-month position meaning that the City assumes forward spending will mirror that of the previous 6-months. Some adjustments are made in known areas such as capital purchases and annual lease payments so as to not double up on assuming expenses.

Ove the last two (2) years, the City has been very successful increasing its available fund balance in the General Fund. In 2018 the City's available fund balance in the General fund represented roughly 15% of annual expenses. The City will finish fiscal year 2019-2020 with an estimated fund balance representing 60% of annual expenses. The City set a goal of having over \$1 million in unallocated fund balance in the General Fund by the end of 2021. The City achieved that goal a full 2 years earlier than expected.

With the increase in fund balance the City was able to plan for more capital projects in the future. This includes the Riverwalk and G.A.R. restoration project started in February 2021. The project was funded mostly through a grant through the State of Michigan Economic Development Corporation. Future capital projects are highlighted in the Budget by Fund/Department section below.

The growth of Parks and Recreation fund balance will be exhausted in the current fiscal year to prevent further carryover of fund balance. The City will continue to contribute General Fund dollars in the future to support parks and recreation activities.

The Utilities Fund has experienced an increase in unassigned fund balance over several years. These funds will be used in the future for major capital improvements to the City's water, sewer, and electric systems.

Estimated Fund Balance

FUND / DEPARTMENT	UNASSIGNED FUND	PROJECTED	PROJECTED
	BALANCE 07/01/2020	NET FUND IMPACT 06/30/2021	UNASSIGNED FUND BALANCE 07/01/2021
GENERAL FUND	\$ 1,380,747.00	\$ (228,977.92)	\$ 1,151,769.08
CEMETERY PERPETUAL CARE FUND	\$ 78,873.81	\$ (7,000.00)	\$ 71,873.81
MAJOR STREET FUND	\$ 604,526.36	\$ (41,828.79)	\$ 562,697.57
LOCAL STREET FUND	\$ 676,820.06	\$ (143,585.14)	\$ 533,234.92
COUNTY ROAD FUND	\$ 248,753.12	\$ 2,012.50	\$ 250,765.62
ACT 302 FUND	\$ 23,495.27	\$ (598.76)	\$ 22,896.51
PARKS/RECREATION FUND	\$ 169,693.49	\$ (147,409.19)	\$ 22,284.30
EATON RAPIDS AIR FUND	\$ 5,596.57	\$ -	\$ 5,596.57
ARTS COUNCIL FUND	\$ (3,170.09)	\$ 3,331.69	\$ 161.60
RENTAL INSPECTION PROGRAM FUND	\$ 24,300.00	\$ (3,175.00)	\$ 21,125.00
CURB GRANT FUND	\$ 22,239.87	\$ (2,574.98)	\$ 19,664.89
BUILDING INSPECTION FUND	\$ 4,375.78	\$ (3,848.15)	\$ 527.63
DRUG LAW ENFORCEMENT FUND	\$ 57.35	\$ -	\$ 57.35
GENERAL DEBT SERVICE FUND	\$ 603,121.06	\$ 95,416.97	\$ 698,538.03
BUILDING AUTHORITY FUND	\$ 5,483.23	\$ (500.00)	\$ 4,983.23
UTILITIES FUND	\$ 7,536,251.00	\$ 506,416.84	\$ 8,042,667.84
MOTOR VEHICLE POOL FUND	\$ 84,495.99	\$ (33,677.08)	\$ 50,818.91

Debt Schedules

Below is a series of charts indicating the amount and years left to pay off both each of the City's bonds as well as the principal payments. Debt is held within several of the City's funds including LDFA, DDA, Building Authority, and Utilities Funds. Many of these bonds will reach the date of maturity in the next five years.

2008 CAPITAL IMPROVEMENT BOND

ECONOMIC DEVELOPMENT		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2020/2021	1-Dec		\$ 3,500.00	\$ 3,500.00
	1-Jun	<u>\$ 45,000.00</u>	<u>\$ 3,500.00</u>	<u>\$ 48,500.00</u>
		\$ 45,000.00	\$ 7,000.00	\$ 52,000.00
2021/2022	1-Dec		\$ 2,375.00	\$ 2,375.00
	1-Jun	<u>\$ 45,000.00</u>	<u>\$ 2,375.00</u>	<u>\$ 47,375.00</u>
		\$ 45,000.00	\$ 4,750.00	\$ 49,750.00
2022/2023	1-Dec		\$ 1,250.00	\$ 1,250.00
	1-Jun	<u>\$ 50,000.00</u>	<u>\$ 1,250.00</u>	<u>\$ 51,250.00</u>
		\$ 50,000.00	\$ 2,500.00	\$ 52,500.00

2009 BLD AUTHORITY

		305.906.99300	305.906.99504	<u>TOTAL</u>
		<u>PRINCIPAL</u>	<u>INTEREST</u>	
2021/2022	1-Sep		\$ 5,697.50	\$ 5,697.50
	1-Mar	<u>\$ 265,000.00</u>	<u>\$ 5,697.50</u>	<u>\$ 270,697.50</u>
		\$ 265,000.00	\$ 11,395.00	\$ 276,395.00

DEBT SERVICE**SEWER IMPROVEMENT BOND**

		301.906.99303	301.906.99504	
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2021/2022	1-Oct		\$ 29,030.69	\$ 29,030.69
	1-Apr	\$ 530,000.00	\$ 29,030.69	\$ 559,030.69
		\$ 530,000.00	\$ 58,061.38	\$ 588,061.38
2022/2023	1-Oct		\$ 23,399.44	\$ 23,399.44
	1-Apr	\$ 540,000.00	\$ 23,399.44	\$ 563,399.44
		\$ 540,000.00	\$ 46,798.88	\$ 586,798.88
2023/2024	1-Oct		\$ 17,661.94	\$ 17,661.94
	1-Apr	\$ 550,000.00	\$ 17,661.94	\$ 567,661.94
		\$ 550,000.00	\$ 35,323.88	\$ 585,323.88
2024/2025	1-Oct		\$ 11,818.19	\$ 11,818.19
	1-Apr	\$ 560,000.00	\$ 11,818.19	\$ 571,818.19
		\$ 560,000.00	\$ 23,636.38	\$ 583,363.38
2025/2026	1-Oct		\$ 5,868.19	\$ 5,868.19
	1-Apr	\$ 552,300.00	\$ 5,868.19	\$ 558,168.19
		\$ 552,300.00	\$ 11,736.38	\$ 564,036.38

COUNTY ROAD BOND

		204.906.99300	204.906.99504	
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2021/2022	1-Nov		\$ 8,737.50	\$ 8,737.50
	1-May	\$ 160,000.00	\$ 8,737.50	\$ 168,737.50
		\$ 160,000.00	\$ 17,475.00	\$ 177,475.00
2022/2023	1-Nov		\$ 7,257.50	\$ 7,257.50
	1-May	\$ 165,000.00	\$ 7,257.50	\$ 172,257.50
		\$ 165,000.00	\$ 14,515.00	\$ 179,515.00
2023/2024	1-Nov		\$ 5,648.75	\$ 5,648.75
	1-May	\$ 170,000.00	\$ 5,648.75	\$ 175,648.75
		\$ 170,000.00	\$ 11,297.50	\$ 181,297.50
2024/2025	1-Nov		\$ 3,906.25	\$ 3,906.25
	1-May	\$ 175,000.00	\$ 3,906.25	\$ 178,906.25
		\$ 175,000.00	\$ 7,812.50	\$ 182,812.50
2025/2026	1-Nov		\$ 2,025.00	\$ 2,025.00
	1-May	\$ 180,000.00	\$ 2,025.00	\$ 182,025.00
		\$ 180,000.00	\$ 4,050.00	\$ 184,050.00

2009 Capital Improvement Bond

		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2021/2022	1-Dec		\$ 8,316.00		\$ 2,079.00	\$ 10,395.00
	1-Jun	<u>\$ 35,000.00</u>	<u>\$ 8,316.00</u>	<u>\$ 20,000.00</u>	<u>\$ 2,079.00</u>	<u>\$ 65,395.00</u>
		\$ 35,000.00	\$ 16,632.00	\$ 20,000.00	\$ 4,158.00	\$ 75,790.00
					\$	500.00
2022/2023	1-Dec		\$ 7,304.00		\$ 1,826.00	\$ 9,130.00
	1-Jun	<u>\$ 48,000.00</u>	<u>\$ 7,304.00</u>	<u>\$ 12,000.00</u>	<u>\$ 1,826.00</u>	<u>\$ 69,130.00</u>
		\$ 48,000.00	\$ 14,608.00	\$ 12,000.00	\$ 3,652.00	\$ 78,260.00
					\$	500.00
2023/2024	1-Dec		\$ 6,200.00		\$ 1,550.00	\$ 7,750.00
	1-Jun	<u>\$ 52,000.00</u>	<u>\$ 6,200.00</u>	<u>\$ 13,000.00</u>	<u>\$ 1,550.00</u>	<u>\$ 72,750.00</u>
		\$ 52,000.00	\$ 12,400.00	\$ 13,000.00	\$ 3,100.00	\$ 80,500.00
					\$	500.00
2024/2025	1-Dec		\$ 4,900.00		\$ 1,225.00	\$ 6,125.00
	1-Jun	<u>\$ 36,000.00</u>	<u>\$ 4,900.00</u>	<u>\$ 9,000.00</u>	<u>\$ 1,225.00</u>	<u>\$ 51,125.00</u>
		\$ 36,000.00	\$ 9,800.00	\$ 9,000.00	\$ 2,450.00	\$ 57,250.00
					\$	500.00
2025/2026	1-Dec		\$ 4,000.00		\$ 1,000.00	\$ 5,000.00
	1-Jun	<u>\$ 36,000.00</u>	<u>\$ 4,000.00</u>	<u>\$ 9,000.00</u>	<u>\$ 1,000.00</u>	<u>\$ 50,000.00</u>
		\$ 35,000.00	\$ 8,000.00	\$ 9,000.00	\$ 2,000.00	\$ 55,000.00
					\$	500.00
2026/2027	1-Dec		\$ 3,100.00		\$ 775.00	\$ 3,875.00
	1-Jun	<u>\$ 40,000.00</u>	<u>\$ 3,100.00</u>	<u>\$ 10,000.00</u>	<u>\$ 775.00</u>	<u>\$ 53,875.00</u>
		\$ 40,000.00	\$ 6,200.00	\$ 10,000.00	\$ 1,550.00	\$ 57,750.00
					\$	500.00
2027/2028	1-Dec		\$ 2,100.00		\$ 525.00	\$ 2,625.00
	1-Jun	<u>\$ 40,000.00</u>	<u>\$ 2,100.00</u>	<u>\$ 10,000.00</u>	<u>\$ 525.00</u>	<u>\$ 52,625.00</u>
		\$ 40,000.00	\$ 4,200.00	\$ 10,000.00	\$ 1,050.00	\$ 55,250.00
					\$	500.00
2028/2029	1-Dec		\$ 1,100.00		\$ 275.00	\$ 1,375.00
	1-Jun	<u>\$ 44,000.00</u>	<u>\$ 1,100.00</u>	<u>\$ 11,000.00</u>	<u>\$ 275.00</u>	<u>\$ 56,375.00</u>
		\$ 44,000.00	\$ 2,200.00	\$ 11,000.00	\$ 550.00	\$ 57,750.00
					\$	500.00

Personnel Summary

The City of Eaton Rapids currently employs thirty-four (34) full time employees. The City also employs a number of part time employees for the fire department as well as temporary and seasonal personnel. On payroll, there are five (5) part time elected officials as well as members of the Board of Review and Planning Commission. The City does not anticipate adding any more staff over the next two (2) fiscal years.

Wages and Benefits

The budget for Fiscal Year 2021-2022 and 2022-2023 includes increases for staff across all departments. These increases vary from 2% to 3%. The City of Eaton Rapids is a participant in the Municipal Employees' Retirement System (MERS) of Michigan. The City is working with its collective bargaining units to close out defined benefit systems and provide defined contribution systems for new hires.

The City has worked with employees and collective bargaining units to reduce its unfunded liabilities related to retiree healthcare. This includes a negotiated benefit change that provides a gap plan similar to benefits in previous contracts. This change has led to a reduction of total unfunded liabilities by \$6.5 million over 30 years. This cost savings is reflected in the budgets going forward.

New organization of sections:

Next year requests with highlights by fund/dept.

Final fund balance and highlights

2021-2022 and 2022-2023 Budget

Consolidated Financial Schedule

Below is a summary of total revenues and expenditures of all funds of the City of Eaton Rapids. The numbers in red express a negative in either activity (indicating some money being receipted into the line item) or in the case of net revenues/expenses indicates a use of fund balance. Overall, the City has traditionally taken a conservative approach to budgeting. Revenues are often estimated with a conservative approach. Expenditures are estimated with a healthy amount (roughly 10% or more) overage contingency per line item.

Budget Request by Fund/Dept			
2021-2022/2022-2023	2020-21	2021-22	2022-23
FUND /	AMENDED	REQUESTED	REQUESTED
DEPARTMENT	BUDGET	BUDGET	BUDGET
Revenues (All Funds)	\$ 16,931,497.59	\$ 17,390,078.05	\$ 16,880,286.75
Expenditures (All Funds)	\$ 18,315,786.38	\$ 17,372,536.98	\$ 16,043,106.80
Net Revenues/Expenditures	\$ (1,384,288.79)	\$ 17,541.07	\$ 837,179.95

Summary of Revenues and Expenditures: General Fund

Budget Request by Fund/Dept			
2021-2022/2022-2023	2020-21	2021-22	2022-23
FUND /	AMENDED	REQUESTED	REQUESTED
DEPARTMENT	BUDGET	BUDGET	BUDGET
REVNUES	\$ 2,788,572.38	\$ 2,839,808.96	\$ 2,816,837.66
EXPENDITURES	\$ 3,372,374.64	\$ 3,287,407.87	\$ 3,026,313.26
CITY COUNCIL	\$ 33,175.00	\$ 33,175.00	\$ 33,175.00
CITY MANAGER	\$ 23,700.00	\$ 28,500.00	\$ 30,500.00
CITY CLERK	\$ 44,450.00	\$ 48,950.00	\$ 49,950.00
BOARD OF REVIEW	\$ 500.00	\$ 500.00	\$ 500.00
CITY TREASURER	\$ 36,807.80	\$ 47,000.00	\$ 47,900.00
CITY ASSESSOR	\$ 64,900.00	\$ 67,500.00	\$ 67,500.00
ELECTIONS	\$ 17,580.00	\$ 15,250.00	\$ 15,250.00
BUILDINGS AND GROUNDS	\$ 25,000.00	\$ 25,000.00	\$ 25,000.00
CEMETERY	\$ 151,673.17	\$ 166,950.00	\$ 147,200.00
UNALLOCATED ADMINISTRATION	\$ 417,452.49	\$ 124,800.00	\$ 124,800.00
POLICE DEPARTMENT	\$ 1,136,152.16	\$ 1,142,232.87	\$ 1,226,943.26
FIRE DEPARTMENT	\$ 207,585.17	\$ 205,800.00	\$ 207,945.00
BUILDING DEPARTMENT	\$ -	\$ 7,000.00	\$ 7,000.00
PUBLIC WORKS	\$ 726,253.16	\$ 590,600.00	\$ 590,550.00
STORM SEWERS	\$ 5,750.00	\$ 5,750.00	\$ 5,750.00
AMBULANCE	\$ 12,750.00	\$ 14,000.00	\$ 14,000.00
PLANNING COMMISSION	\$ 950.00	\$ 950.00	\$ 950.00
ZONING BOARD OF APPEALS	\$ 400.00	\$ 400.00	\$ 400.00
LIBRARY	\$ 12,000.00	\$ 14,000.00	\$ 14,000.00
CAPITAL OUTLAY	\$ 100,000.00	\$ 159,550.00	\$ 28,000.00
FUND BALANCE	\$ 355,295.69	\$ 589,500.00	\$ 389,500.00
USE OF FUND BALANCE	\$ 583,802.26	\$ 447,598.91	\$ 209,475.60

Summary of Revenues and Expenditures: Various Funds

Budget Request by Fund/Dept				
2021-2022/2022-2023	2020-21	2021-22	2022-23	
FUND /	AMENDED	REQUESTED	REQUESTED	
DEPARTMENT	BUDGET	BUDGET	BUDGET	
CEMETERY PERPETUAL CARE FUND				
REVNUES	\$ 3,000.00	\$ 5,000.00	\$ 5,000.00	
EXPENDITURES	\$ 10,000.00	\$ 10,000.00	\$ 10,000.00	
MAJOR STREET FUND				
REVNUES	\$ 546,425.84	\$ 523,500.00	\$ 521,500.00	
EXPENDITURES	\$ 613,364.00	\$ 570,758.00	\$ 529,152.00	
LOCAL STREET FUND				
REVNUES	\$ 182,781.18	\$ 162,500.00	\$ 169,500.00	
EXPENDITURES	\$ 151,315.00	\$ 97,375.00	\$ 97,375.00	
COUNTY ROAD FUND				
REVNUES	\$ 177,200.00	\$ 177,000.00	\$ 177,000.00	
EXPENDITURES	\$ 175,187.50	\$ 177,475.00	\$ 179,515.00	
ACT 302 FUND				
REVNUES	\$ 1,320.00	\$ 1,320.00	\$ 1,330.00	
EXPENDITURES	\$ 1,320.00	\$ 1,320.00	\$ 1,320.00	
PARKS/RECREATION FUND				
REVNUES	\$ 316,625.00	\$ 566,888.00	\$ 360,325.00	
EXPENDITURES	\$ 317,535.66	\$ 566,675.00	\$ 303,075.00	
EATON RAPIDS AIR FUND				
REVNUES	\$ 5,500.00	\$ -	\$ -	
EXPENDITURES	\$ 5,500.00	\$ -	\$ -	
ARTS COUNCIL FUND				
REVNUES	\$ 4,295.69	\$ 1,000.00	\$ 1,000.00	
EXPENDITURES	\$ 1,000.00	\$ 1,000.00	\$ 1,000.00	
RENTAL INSPECTION PROGRAM FUND				
REVNUES	\$ 500.00	\$ 15,650.00	\$ 15,650.00	
EXPENDITURES	\$ 22,000.00	\$ 15,650.00	\$ 15,650.00	

Budget Request by Fund/Dept				
2021-2022/2022-2023				
FUND /		2020-21	2021-22	2022-23
DEPARTMENT		AMENDED	REQUESTED	REQUESTED
		BUDGET	BUDGET	BUDGET
CURB GRANT FUND				
REVNUES	\$	6,250.00	\$ 6,250.00	\$ 6,250.00
EXPENDITURES	\$	6,250.00	\$ 6,250.00	\$ 6,250.00
BUILDING INSPECTION FUND				
REVNUES	\$	170,000.00	\$ 185,000.00	\$ 185,000.00
EXPENDITURES	\$	170,763.37	\$ 182,403.22	\$ 167,650.00
DRUG LAW ENFORCEMENT FUND				
REVNUES	\$	500.00	\$ -	\$ -
EXPENDITURES	\$	-	\$ -	\$ -
GENERAL DEBT SERVICE FUND				
REVNUES	\$	593,000.00	\$ 699,872.00	\$ 700,000.00
EXPENDITURES	\$	589,111.38	\$ 588,061.38	\$ 586,798.88
BUILDING AUTHORITY FUND				
REVNUES	\$	292,870.00	\$ 276,395.00	\$ -
EXPENDITURES	\$	292,870.00	\$ 276,395.00	\$ -

Summary of Revenues and Expenditures: Utilities Fund and Motor Vehicle Pool Fund

Budget Request by Fund/Dept			
2021-2022/2022-2023	2020-21	2021-22	2022-23
FUND /	AMENDED	REQUESTED	REQUESTED
DEPARTMENT	BUDGET	BUDGET	BUDGET
UTILITIES FUND			
REVNUES	\$ 11,618,657.50	\$ 11,735,644.09	\$ 11,735,644.09
EXPENDITURES	\$ 12,372,267.75	\$ 11,421,207.66	\$ 10,948,507.66
SEWER DEPARTMENT	\$ 1,521,087.18	\$ 971,061.07	\$ 925,061.07
ELECTRIC DEPARTMENT	\$ 8,755,526.64	\$ 8,575,244.93	\$ 8,359,444.93
WATER DEPARTMENT	\$ 1,020,483.93	\$ 714,206.66	\$ 695,106.66
SENIOR CITIZENS	\$ 10,500.00	\$ 10,500.00	\$ 10,500.00
CAPITAL OUTLAY	\$ 588,050.00	\$ 699,550.00	\$ 505,000.00
DEBT SERVICE	\$ 52,500.00	\$ 50,250.00	\$ 53,000.00
FUND BALANCE	\$ 424,120.00	\$ 400,395.00	\$ 400,395.00
MOTOR VEHICLE POOL FUND			
REVNUES	\$ 224,000.00	\$ 194,250.00	\$ 185,250.00
EXPENDITURES	\$ 214,927.08	\$ 170,558.85	\$ 170,500.00

2021-2022 and 2022-2023 Projected Unassigned Fund Balance

FUND / DEPARTMENT	PROJECTED	2021-22	PROJECTED	2022-2023	PROJECTED
	UNASSIGNED FUND	REQUESTED	UNASSIGNED FUND	REQUESTED	UNASSIGNED FUND
	BALANCE	BUDGET	BALANCE	BUDGET	BALANCE
	07/01/2021	NET IMPACT	07/01/2022	NET IMPACT	07/01/2023
GENERAL FUND	\$ 1,151,769.08	\$(447,598.91)	\$ 704,170.17	\$(209,475.60)	\$ 494,694.57
CEMETERY PERPETUAL CARE FUND	\$ 71,873.81	\$(5,000.00)	\$ 66,873.81	\$(5,000.00)	\$ 61,873.81
MAJOR STREET FUND	\$ 562,697.57	\$(47,258.00)	\$ 515,439.57	\$(7,652.00)	\$ 507,787.57
LOCAL STREET FUND	\$ 533,234.92	\$ 65,125.00	\$ 598,359.92	\$ 72,125.00	\$ 670,484.92
COUNTY ROAD FUND	\$ 250,765.62	\$(475.00)	\$ 250,290.62	\$(2,515.00)	\$ 247,775.62
ACT 302 FUND	\$ 22,896.51	\$ -	\$ 22,896.51	\$ 10.00	\$ 22,906.51
PARKS/RECREATION FUND	\$ 22,284.30	\$ 213.00	\$ 22,497.30	\$ 57,250.00	\$ 79,747.30
EATON RAPIDS AIR FUND	\$ 5,596.57	\$ -	\$ 5,596.57	\$ -	\$ 5,596.57
ARTS COUNCIL FUND	\$ 161.60	\$ -	\$ 161.60	\$ -	\$ 161.60
RENTAL INSPECTION PROGRAM FUND	\$ 21,125.00	\$ -	\$ 21,125.00	\$ -	\$ 21,125.00
CURB GRANT FUND	\$ 19,664.89	\$ -	\$ 19,664.89	\$ -	\$ 19,664.89
BUILDING INSPECTION FUND	\$ 527.63	\$ 2,596.78	\$ 3,124.41	\$ 17,350.00	\$ 20,474.41
DRUG LAW ENFORCEMENT FUND	\$ 57.35	\$ -	\$ 57.35	\$ -	\$ 57.35
GENERAL DEBT SERVICE FUND	\$ 698,538.03	\$ 111,810.62	\$ 810,348.65	\$ 113,201.12	\$ 923,549.77
BUILDING AUTHORITY FUND	\$ 4,983.23	\$ -	\$ 4,983.23	\$ -	\$ 4,983.23
UTILITIES FUND	\$ 8,042,667.84	\$ 314,436.43	\$ 8,357,104.27	\$ 787,136.43	\$ 9,144,240.70
MOTOR VEHICLE POOL FUND	\$ 50,818.91	\$ 23,691.15	\$ 74,510.06	\$ 14,750.00	\$ 89,260.06

The City of Eaton Rapids plans for a rapid drawdown of fund balance over the next two (2) fiscal years. This money will be used for a variety of public improvements. The City is able to maintain a necessary fund balance for years going forward to keep up with future capital needs. Many of the City's Special Revenue Funds plan to continue with a near-zero fund balance since capital needs are not needed across all funds. Lastly, the City's Utility Fund maintains a very strong unassigned fund balance to be used for public improvements in the future.