

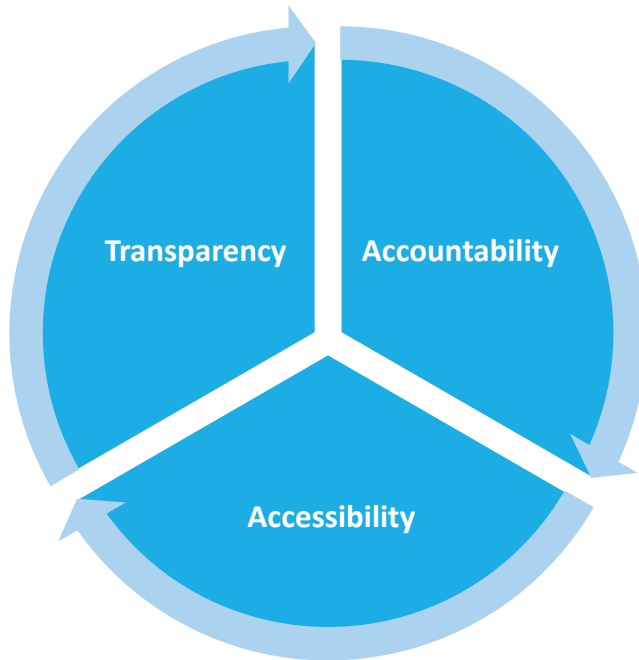
# MAYOR'S BRIEFING:

*A History of Dearborn City Budgets*

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# Values of the Presentation:

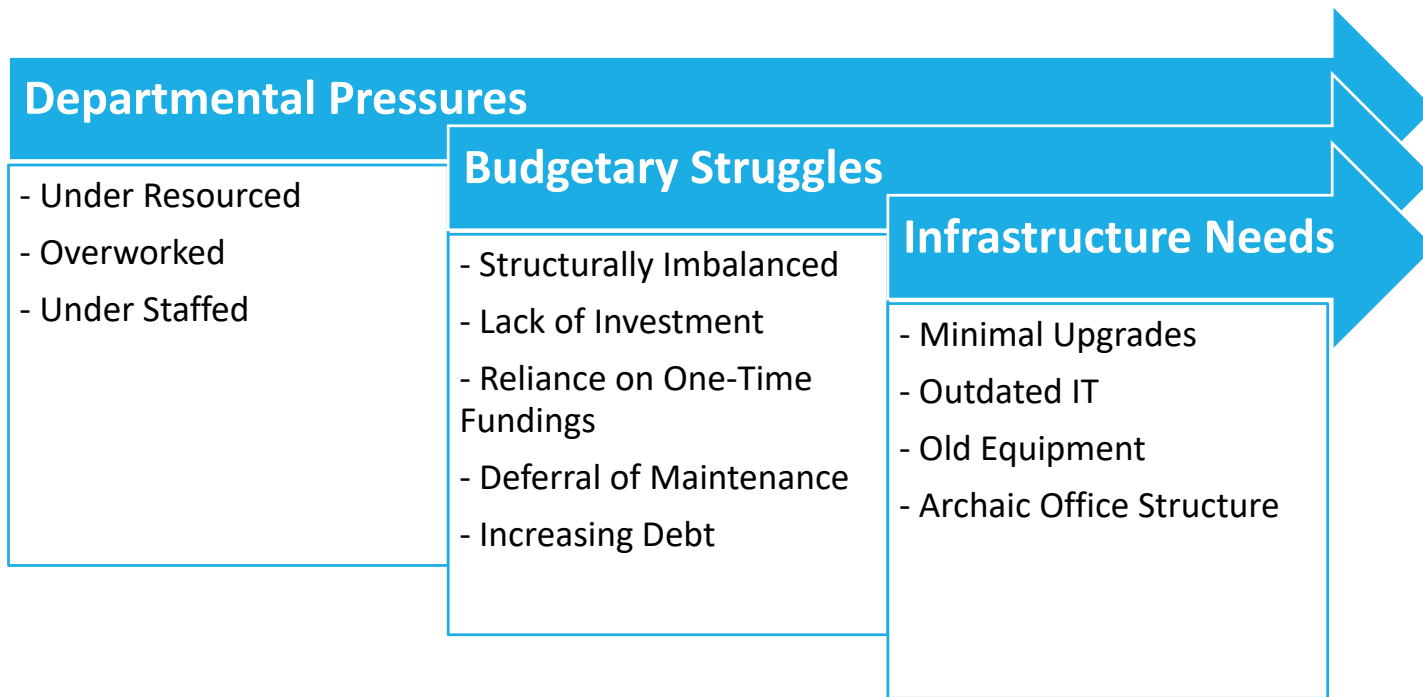
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- ❑ By providing a historical perspective, we are hoping to provide insight as to how the city found itself in its current financial situation.
- ❑ No finger pointing.
- ❑ Additionally, many societal factors at play (housing crisis, COVID, flooding of 2014 and 2021, etc.).

# Where We Are Today...

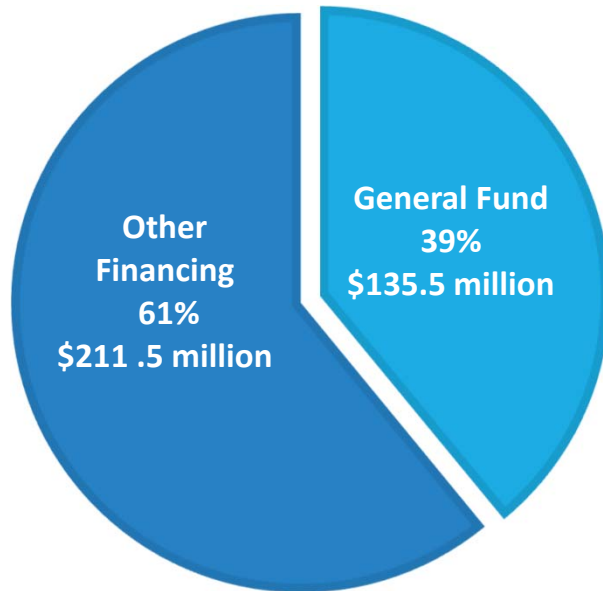
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# Overall City Budget:

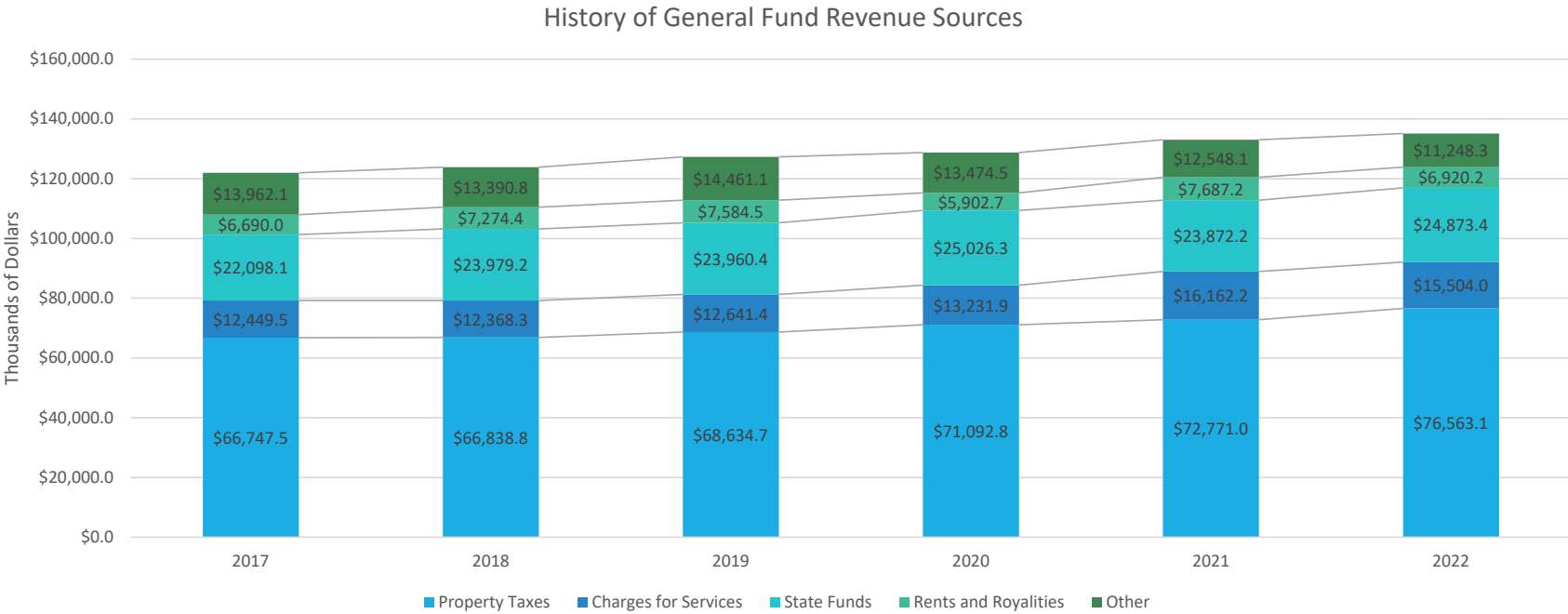
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TOTAL 2022 BUDGET



- ❑ In 2022, the City's total budget was ~\$347 million.
  - ❑ Roughly 61% of funds were restricted use. Examples include water and sewer services, library services, and sanitation services.
- ❑ Less than 40%, or \$135 million, was general fund.
  - ❑ Everything that does not have a special funding source must be funded out of the general fund

# History of General Fund Revenue Sources:



☐ Over the past 6 years, revenues have grown 11% but inflation has increased by 15.7%

City of Dearborn  
Operating Tax Revenue - Historical Trend

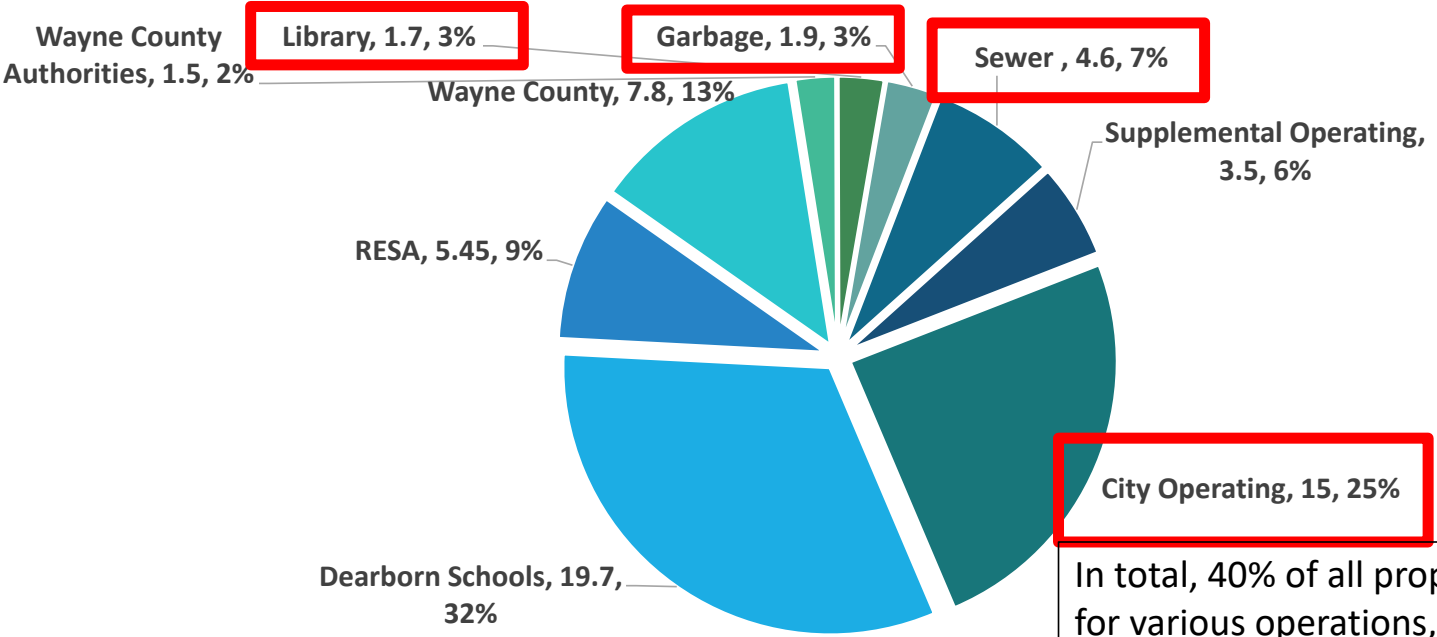
Fiscal Year	Operating Millage Levied	Maximum Operating Levy Allowed	Value of 1 Mill	Value of 1 Mill % Change over Prior year
2002	13.6500	15.0000	\$ 4,128,139	3.54%
2003	13.6500	15.0000	\$ 4,310,867	4.43%
2004	13.6275	15.0000	\$ 4,376,760	1.53%
2005	13.5900	15.0000	\$ 4,457,916	1.85%
2006	13.6275	15.0000	\$ 4,566,377	2.43%
2007	13.6275	15.0000	\$ 4,539,682	-0.58%
<b>Highest Value</b> 2008	13.6275	15.0000	\$ 4,640,433	2.22%
2009	13.6275	15.0000	\$ 4,637,776	-0.06%
2010	13.6200	15.0000	\$ 4,404,137	-5.04%
2011	13.6200	15.0000	\$ 4,046,230	-8.13%
2012	15.0000	15.0000	\$ 3,634,456	-10.18%
2013	18.5000	18.5000	\$ 3,454,203	-4.96%
2014	18.5000	18.5000	\$ 3,427,394	-0.78%
2015	18.5000	18.5000	\$ 3,469,906	1.24%
2016	18.5000	18.5000	\$ 3,528,672	1.69%
<b>Lowest Value</b> 2017	18.5000	18.5000	\$ 3,178,008	-9.94%
2018	18.5000	18.5000	\$ 3,218,879	1.29%
2019	18.5000	18.5000	\$ 3,325,996	3.33%
2020	18.5000	18.5000	\$ 3,413,265	2.62%
2021	18.5000	18.5000	\$ 3,594,426	5.31%
2022 (Adopted)	18.5000	18.5000	\$ 3,648,663	1.51%

\*Amounts Shown are: 2002-2021 Actuals, 2022 Adopted

## Value of a Mill:

- ❑ Over the last 20 years, revenues have increased by 20% but inflation has increased by over 56%.
- ❑ Since 2008 (highest value), there has been a 21% reduction in the value of a millage.
- ❑ Regardless of the lost supplemental millage in November, there has been a disconnect between our major revenue source and the cost of operations.

# Property Tax Breakdown:



In total, 40% of all property taxes go to the city for various operations, including general, sewer, library, and sanitation services.

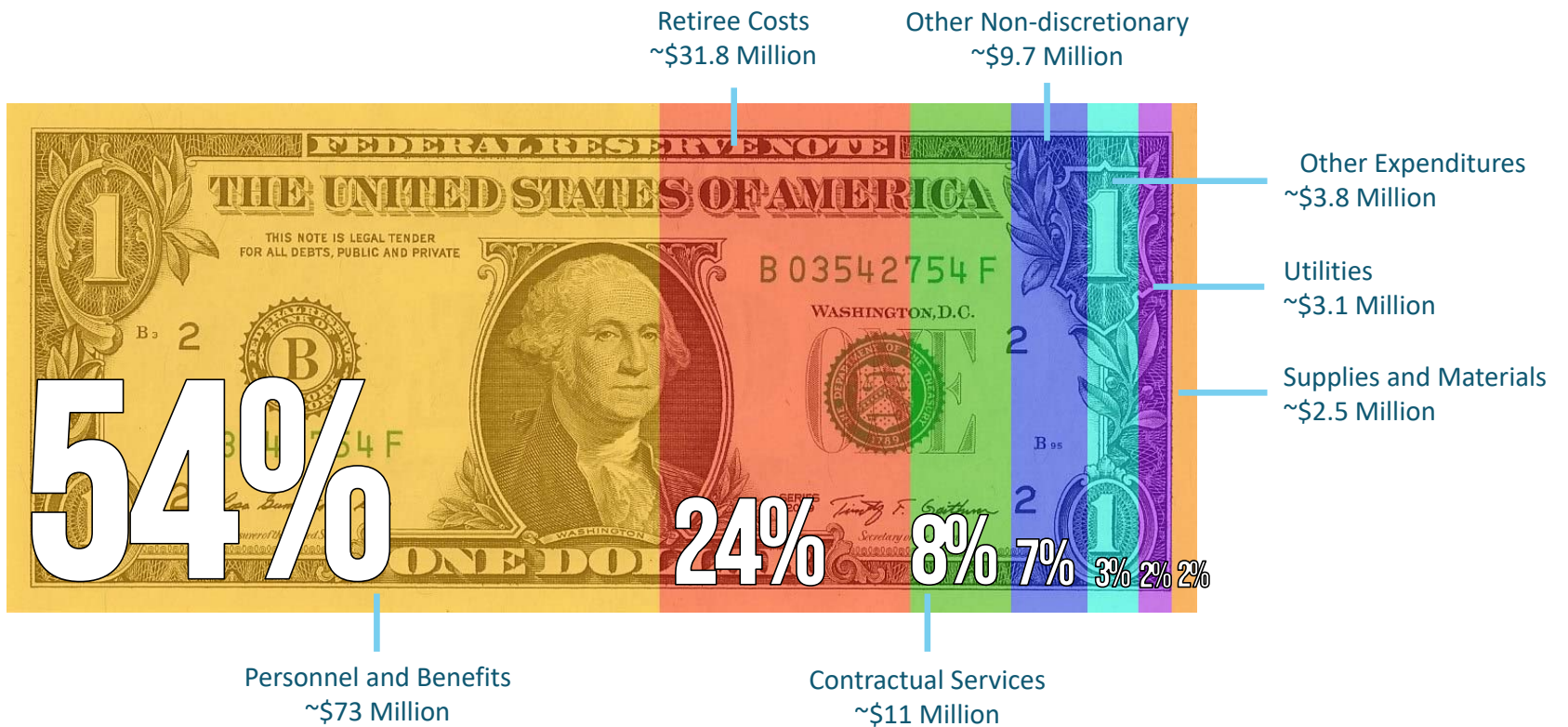
# Example Property Tax Bill:

<b>Home Value:</b>	\$ 200,000.00		
<b>Assessed Value:</b>	\$ 100,000.00		
<b>Estimated Property Taxes:</b>	\$ 5,765.00		
Using the example above, of the \$5,765 collected, the dollars are captured as follows:			
<u>Entity</u>	<u>Allocation</u>	<u>Total Mils</u>	<u>% of Total</u>
Schools (inc. HFC, state tax, DPS)	\$ 1,970.00	19.7	34.2%
City Operating	\$ 1,500.00	15	26.0%
Wayne County	\$ 780.00	7.8	13.5%
RESA	\$ 545.00	5.45	9.5%
Sewer	\$ 460.00	4.6	8.0%
Garbage	\$ 190.00	1.9	3.3%
Library	\$ 170.00	1.7	2.9%
Wayne County Authority	\$ 150.00	1.5	2.6%

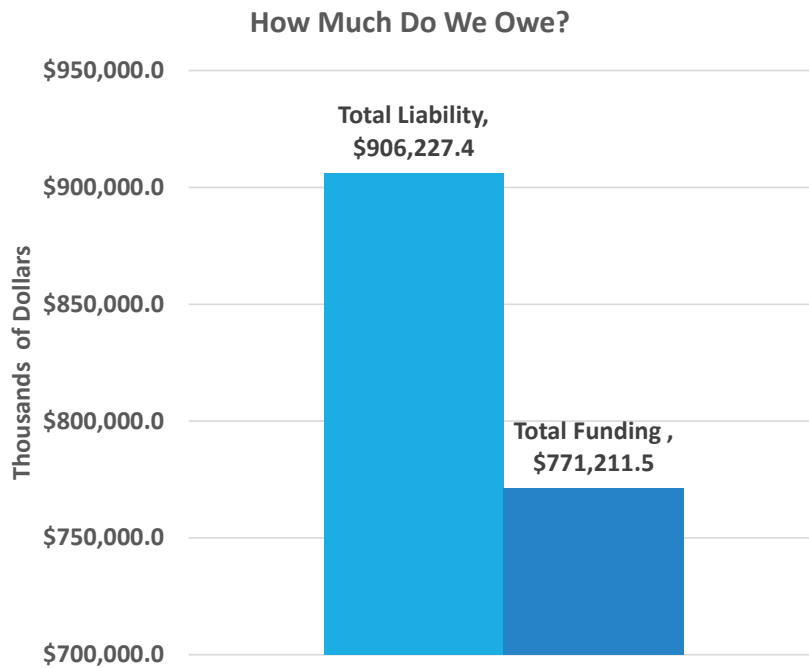
- ❑ 26% of property taxes collected are for the purposes of general services, including:
  - ❑ Public Safety
  - ❑ Pensions and Retiree Healthcare Costs
  - ❑ DPW and Fac. Services (excluding water and sewer, and sanitation)
  - ❑ All Departments excluding Library
  - ❑ Capital Improvements and Investments
  
- ❑ 13.2% of property taxes collected are for other city services, including sanitation, library, and water and sewer infrastructure improvements.



# City Operations Breakdown:



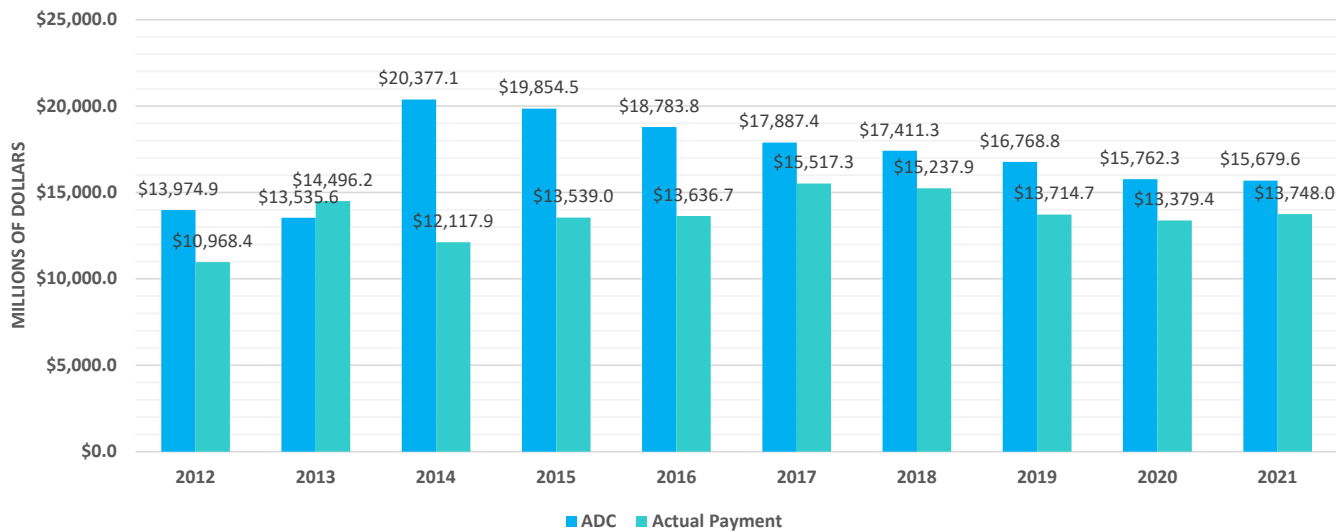
# Retiree Health Care and Pensions:



- ❑ As of 6/30/2021, our pension systems are better funded than the growing liability for retiree health care.
  - ❑ Ch 21 is funded at 433%
  - ❑ Ch 22 is funded at 98.2%
  - ❑ Ch 23 is funded at 82.8%
  - ❑ Healthcare is funded at 67%
- ❑ Unlike the pension systems, the retiree health care system faces significant cost increases each year, which increases the annual liability for the city.

# Retiree Health Care:

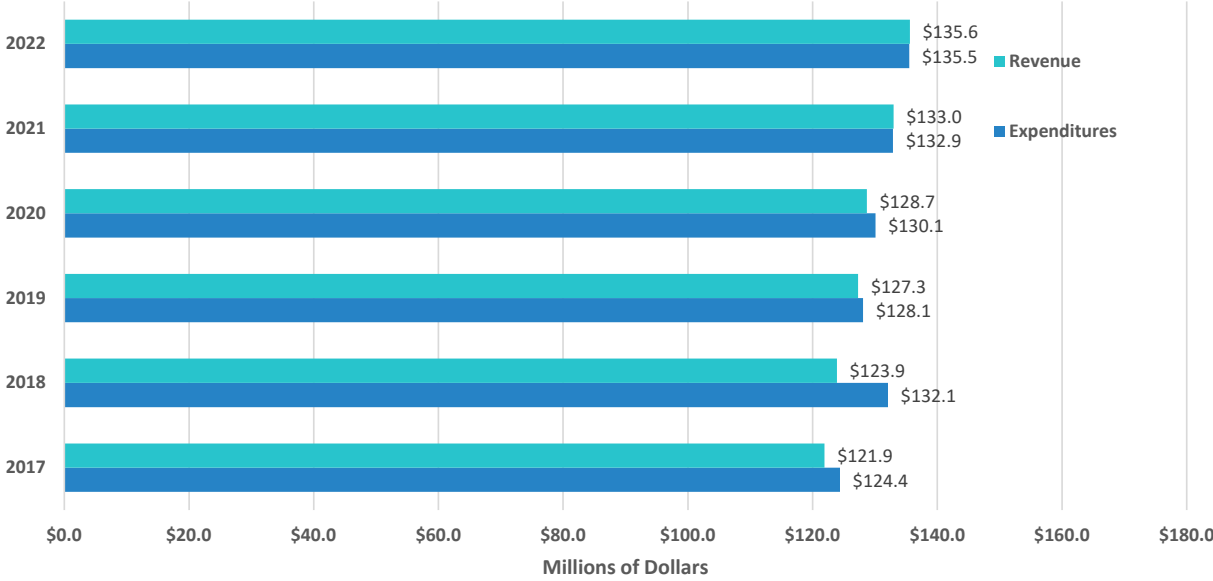
### Retiree Health Care Benefits Comparison of ADC to Payments Annually



☐ Outside of the bond payment in FY 2019, the city has not funded retiree healthcare for at least a decade.

# Revenues vs. Expenditures

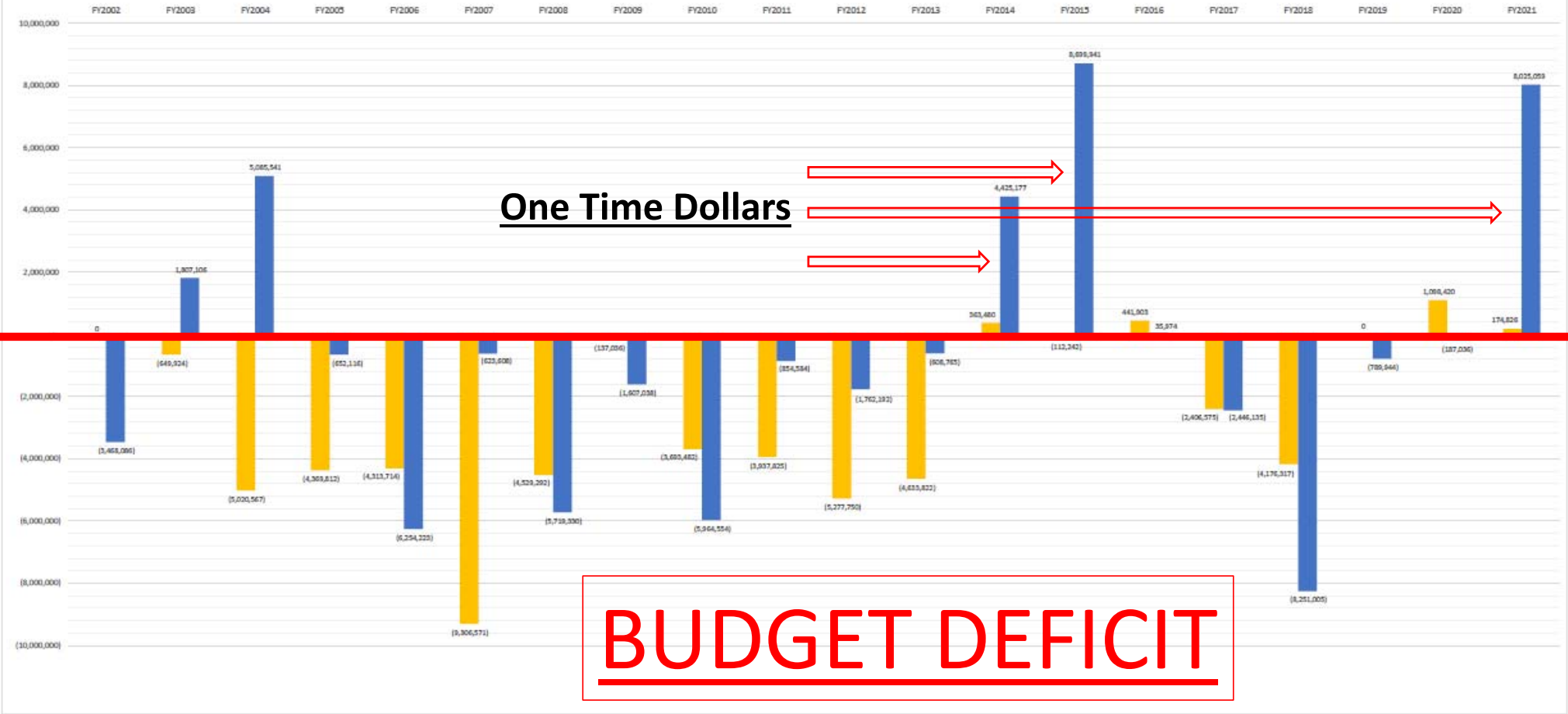
Comparison of General Fund Revenue and Expenditures



- ❑ City expenditures have consistently exceeded city revenues.
- ❑ Not a sustainable way of doing budgets, especially as we calculate the loss of the supplemental operating millage.

General Fund  
Surplus / (Deficit)

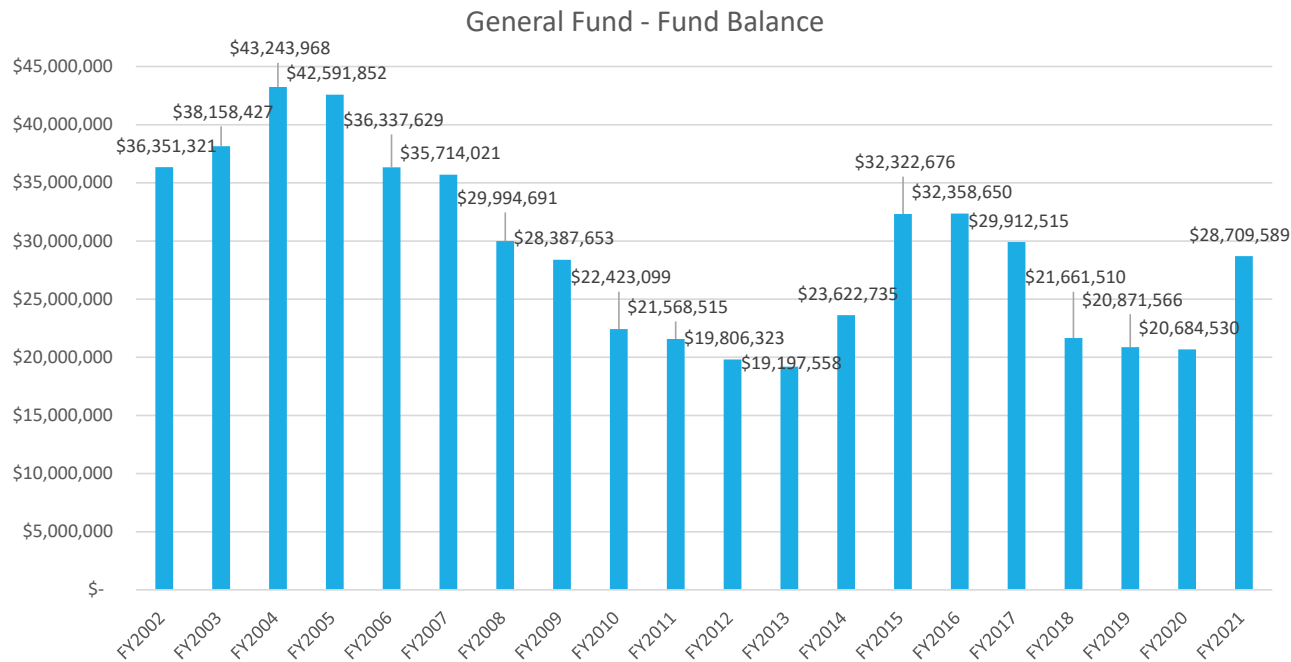
■ Budgeted ■ Actual



One Time Dollars

**BUDGET DEFICIT**

# History of Fund Balance:



- ☐ The city has balanced previous budgets by dipping into available fund balance (aka the rainy day fund).

# My Vision: Structurally Balanced Budget

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- ❑ Balancing the city's budget will be challenging but we firmly believe that together we (the Council and Administration) can and will accomplish this task.

# Continuing the Conversation:

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- ❑ 2023 Budget Overview
- ❑ Mayoral Briefings on Major Budget Areas
- ❑ Community Forums on the Budget
- ❑ Continue Restructuring of City Government
- ❑ Identify Critical Areas for Investment
- ❑ Identify Metrics for Success and Begin Measuring Our Progress Toward those Marks