



HEART OF INDUSTRY

RECOMMENDED BUDGET

2020 - 2021



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June 10, 2020

The City of River Rouge remains strong as we end our fourth full fiscal year out from under the State of Michigan's consent agreement. While the City is currently on solid financial ground, the future continues to offer significant challenges that will be addressed with a united mayor City Council all working for the greater good of the City. The budget for the 2020/2021 fiscal year is balanced and continues to provide the basic services for our residents including our top priority public safety. The top priority for both the Mayor and City Council is providing the best services while minimizing the cost/tax burden. The budget document also includes projections for the fiscal years 2021/2022 and 2022/2023. The following are some of the significant items addressed in the budget:

COVID-19

The COVID-19 has significantly impacted the State of Michigan and the City of River Rouge. The lengthy shut down of all business and the stay at home order has resulted in significant loss of revenue and increased costs to which the full impact will not be known for months. The City has consulted with the State, County and other agencies and has incorporated the best estimates available in the proposed 2020/2021 budget.

Revenue

General Fund revenue continues to fall overall with the primary funding source property taxes leading the way. While much of Southeast Michigan has experienced a leveling off and/or an increase in their tax base since the 2008 event, the City of River Rouge has not. The overall taxable value for the City fell 21% from \$169.9 million to \$140.3 million. The City anticipates the tax base to continue to decrease over the next three years but may have some new development to offset some of the losses. The State of Michigan is also in the process of phasing out personal property taxes (which make up approximately 51% of the City's total taxable value) and while the State is currently reimbursing a substantial portion of the lost revenue, it is not 100%. In addition to the large loss in personal property taxes, the city's largest tax payer DTE Energy has announced they will be closing their River Rouge plant in 2022 which could result in a loss of up to 45 million in taxable value (32% of the City's total tax base). The City is working with DTE, federal and state agencies to determine what the best redevelopment options might be for the DTE site upon closing.

Streets

The funding source to fix the City's streets is an allocation from the State (MDOT) from gas taxes collected in Michigan. Beginning in January 2017, MDOT has increased the annual allocation to the City by 20% with an additional 8% each of the next four years. While this increase is welcome and long overdue, it only brings the total funding from MDOT for all roads to approximately \$744,000



annually. The cost to pave a mile of road is approximately \$1.8 million with concrete and \$1 million with asphalt. The City applies annually for federal and state grants for specific road projects which if awarded would require a match of approximately 25% of the total cost. The City issued bonds of approximately \$2.8 million and paved a substantial number of major and local streets during the 2018/19 fiscal year. A substantial proportion of the annual revenue received from the State for streets will be used to repay the debt over the coming years.

Retiree Healthcare (OPEB)

During fiscal year 2016/17 the City began addressing the amount due to retirees for healthcare and set aside more than \$9.7 million. The OPEB assets at June 30, 2019 are now in excess of \$11.2 million. The significant unfunded liability from many years of legacy costs has resulted in substantial projected liability has now reduced to less than \$25.3 million or 30.6% funded. The State in January 2018 required all communities with funding levels below 40% to disclose their plans for addressing the OPEB liability and if the plan was sufficient, they would be granted a compliance waiver. The City of River Rouge will continue to set aside as much as possible from General Fund operations to address this long-term liability.

Water and Sewer

River Rouge continues to invest in the City's aging infrastructure to ensure safe clean water for all residents. In addition to the annual operating costs, the City has been burdened by EPA mandates which including building a large retention basin for sewage and contributing millions toward improvements on the Downriver Sewage Disposal System plant. The City will continue to do all it can to minimize cost increases while ensure all required maintenance and repairs are made to the system.

Despite the difficult economic times over the past few years the City of River Rouge has continue to remain independent and provide its residents the best services available in the most efficient and effective manner possible. The success would not have been possible without a joint effort with the City Council and all the citizens and volunteers within the City. I look forward to many more years and success as River Rouge truly is a great place to live and work and continues to be the heart of industry.

Michael D. Bowdler, Mayor



Fund Structure

Governmental Funds

***# 101 General Fund**

Capital Projects Funds

401 - Capital Improvement

*** Special Revenue Funds**

202 - Major Street

203 - Local Street

211 - Pension Levy

226 - Refuse Collection

252 - Grant

266 - Drug Enforcement

271 - Library

Proprietary (Enterprise) Funds

592 - Water and Sewer

Trust and Agency (Fiduciary) Funds

702 - Del Personal Property Tax Collection

731 - General Employees Retirement System

732 - Police and Fire Retirement System

737 - Retiree Health Care Benefits

Component Unit

244 - Downtown Development Authority

250 - Economic Development Corporation

* Requires Budget

Major Fund



Significant Budget and Accounting Policies

The budgeting and accounting policies of the City of River Rouge conform to (GAAP) as applicable to governmental units. The following is a summary of the significant budget and accounting policies:

Basis of Budgeting

All Governmental Funds, including the legally adopted General Fund and Special Revenue Funds, are budgeted for on a modified accrual basis. As an example, employee wages are budgeted to account for the number of days scheduled for each fiscal year. The basis of budgeting is the same as the basis of accounting.

Basis of Accounting

The accrual basis of accounting is used by the Enterprise Funds. All Governmental Funds and Agency Funds use the modified-accrual basis of accounting. Modifications in such methods from the accrual basis are as follows:

Property tax revenue that is both measurable and available for use to finance operations is recorded as revenue when earned. Other revenue is recorded when received. Properties are assessed as of December 31 and become a lien then. The related property taxes are billed on July 1 of the following year. These taxes are due without a penalty during the period July 1 through October 1 with a 4% penalty added after that date. After February 28, they are added to the County tax rolls. The County Tax Revolving Fund reimburses the City for the real property portion of these taxes and assumes collection responsibilities for both real and personal property taxes.

- Interest on bonded indebtedness and other long-term debt are not recorded as expenditures until the due date.
- Payments for inventory type of supplies are recorded as expenditures at the time of purchase.
- Normally, expenditures are not divided between years by the recording of prepaid expenses.
- The non-current portion of accumulated employee benefits is reflected in the government-wide financial statements.

Fund Structure of Approved Budget

Annual budgets are legally adopted for the General Fund and Special Revenue Funds as required by the State's Uniform Budgeting and Accounting Act. In addition, although not required by law, budgets are prepared for the Capital Project, Enterprise Fund, and Fiduciary Funds. These budgets are prepared for financial management and project control purposes.

Major Funds

The City of River Rouge reports on three major governmental funds which are the General, Grant, Capital Projects, 2018 Michigan Transportation Bond (closed June 30, 2020) and Pension Levy Funds.



Fund Accounting

The accounts of the City are organized by funds and account groups, each of which is considered a separate accounting entity. Funds are established to segregate specific activities or objectives of a government in accordance with special regulations, restrictions or limitations. The various funds are grouped into generic fund types in three broad fund categories as follows:

Governmental Funds

General Fund: The General Fund contains the records of the ordinary activities of the City that are not accounted for in another fund. General Fund activities are financed by revenue from general property taxes, state-shared revenue and other sources.

Special Revenue Funds: Special Revenue Funds are used to account for the proceeds of earmarked revenue from financing activities requiring separate accounting because of legal or regulatory provisions.

Capital Projects Funds: Capital Project Funds are used to account for the development of capital facilities or capital related items other than those financed by the operations of the enterprise funds.

Proprietary Funds

Enterprise Funds: The Water and Sewer Fund is used to account for the results of operations that provide a service to citizens financed by a user charge for the provision of that service.

Trust and Agency Funds

Fiduciary Funds: Fiduciary Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, organizations, other governments or other funds. These include the General Employees' Retirement System, Police and Fire Retirement System, Retiree Health Care Benefits Fund and the Tax Collection Fund. The Retiree Health Care Benefits Fund is an expendable trust fund and is accounted for in the same manner as governmental funds. The Tax Collection Fund and Agency Fund are custodial in nature and do not involve the measurement of results of operations.

Fixed Assets and Long-Term Liabilities

Fixed assets used in governmental fund type operations are accounted for in the government-wide financial statements, rather than in the governmental funds. Depreciation is reported on a straight-line basis for such fixed assets. All fixed assets are recorded at cost or, if donated, at their estimated fair value on the date donated. Long-term liabilities expected to be financed from governmental funds are accounted for in the government-wide financial statements, not in the governmental funds.

Fixed assets and long-term liabilities relating to the Water and Sewer Fund is accounted for in those funds. Depreciation on such fixed assets is charged as an expense against the operations of the fund on a straight-line basis.



Cash Equivalents

For purposes of the statement of cash flow, the Enterprise funds consider all highly liquid investments with an original maturity of three months or less to be cash equivalents. In addition, the statements of cash flow include both restricted and unrestricted cash and cash equivalents.

Inventories

Inventories in the Enterprise funds are valued at cost, on a first in, first out basis, which approximates market value.

Deposits and Investments

The City believes that due to the dollar amounts of cash deposits and the limits of Federal Deposit Insurance Corporation, insuring all bank deposits is impractical. The City evaluates every financial institution it deposits City funds into, assessing the level of risk.

Investments

The City is authorized by Michigan Public Act 20 of 1943 (as amended) to invest surplus monies in U.S. bonds and notes, certain commercial paper, U.S. government repurchase agreements, government agencies, Bankers' acceptances and mutual funds and investment pools that are composed of authorized vehicles.

To the extent that cash from various funds has been pooled, related investment income is allocated to each fund based on relative participation in the pool, except that investment earnings by the Agency Funds are allocated to the General Fund.



Financial Policies

The City of River Rouge's financial policies, as compiled below, set forth the basic framework for the overall fiscal management of the City. Operating independently of changing economic circumstances and conditions, these policies help the decision making process of the City Council and administration. These policies provide guidelines for evaluating both current activities and proposals for future programs.

Most of the policies represent long-standing principles (i.e. traditions and practices) that have guided the City in the past and have helped maintain financial stability.

The City's financial policies serve the administration in the preparation of a balanced operating budget and management of the City's financial affairs.

Operating Budget Policies

The City will attempt to maintain its present service level for all priority and essential services within the existing property tax millage limits.

- The City will maintain a budgetary control system to ensure adherence to the budget and will prepare periodic reports comparing actual revenues and expenditures with budgeted amounts.
- The City will emphasize efforts to reduce expenditures in major cost centers (i.e. energy, medical insurance premiums, street lighting, pension cost, and Worker's Compensation payments).
- The Water and Sewer funds will be self-supporting.
- The City will protect against catastrophic losses through a combination of insurance and maintaining appropriate fund balance levels.

Fund Balance/Reserve Policies

The Mayor and City Council follow the following fund balance/reserve policies:

- The City will establish a reserve to pay for expenditures as a result of unforeseen emergencies or for shortfalls caused by revenue declines.
- The City will seek to maintain a diversified and stable revenue system to shelter itself from short-run fluctuations in any one revenue source.
- The City will attempt to obtain additional revenue sources to insure a balanced budget.
- The City will follow an aggressive policy of collecting revenue.
- The City will establish all user charges and fees at a level considering the cost (operating, direct, indirect and capital) of providing the service.
- The City will establish reserves to comply with the terms and conditions of the debt instruments used to finance capital improvement projects.
- The City will review fund balance/reserves annually during the budget process.



- In the event the level of expenditures exceeds the estimated appropriations, the City will create a plan to replenish fund balance/reserves within three years by controlling operating expenditures, adjusting operations and/or dedicating excess or specific revenue sources.

Revenue Policies

The City will estimate its annual revenue by a conservative, objective and analytical process.

The City will review fees and charges annually. It will attempt to design and/or modify revenue systems to include provisions that automatically allow charges to grow at a rate that keeps pace with the cost of providing the service.

Non-recurring revenue will be used only to fund non-recurring expenditures.

Capital Improvements Policies

The City will develop a multi-year plan for capital improvements

The City will maintain its physical assets at a level adequate to protect the City's capital investment and to reduce future maintenance and replacement costs. The budget will provide for the adequate maintenance and the orderly replacement of the capital plant and equipment from current revenues where possible.

The City will use the following criteria to evaluate the relative merit of each capital project:

- Projects specifically included in an approved replacement schedule will receive priority consideration.
- Projects will be evaluated as to the impact on the operating budget; those that reduce the cost of operations or energy consumption will receive priority consideration.

Debt Policies

City of River Rouge, as a home rule unit, presently has a statutory limit on the amount of general obligation debt outstanding. The limit on the outstanding indebtedness cannot exceed 10% of the equalized assessed valuation. Using 2019 values (the most recent available information), this limitation would allow for approximately \$16.0 million in debt.

Investment Policies

The City's investment objectives in priority order are: Safety, Liquidity, and Yield.

Disbursement, collection, and deposit of all funds will be managed to insure that all cash is invested promptly until needed.



The City will strive to maximize the return on the portfolio, with the primary objective of preserving capital by prudent investment practices.

For the City's complete investment policies please contact the Finance Department.

Accounting, Auditing and Financial Reporting Policies

An independent audit will be performed annually.

The City will produce annual financial reports following Generally Accepted Accounting Principles (GAAP) as outlined by the Governmental Accounting Standards Board (GASB).

The City will maintain strong internal audit controls.

Purchasing Policies

The Purchasing Division is responsible for the administration of the procurement process for the supplies, materials and equipment required for the operation and maintenance of the City's departments and facilities.

Purchases will be made in accordance with federal, state and municipal requirements.

Purchases will be made in an impartial, economical, competitive, and efficient manner.

Purchases under \$2,500: Department's responsibility to obtain best price possible and to foster competition.

Purchases over \$2,500: Formal sealed bids must be obtained. All bids and/or written quotations and request for proposals are awarded by the City Council.

Grant Policies

The Mayor reviews and approves department requests to pursue grants.

Completed applications requiring a local match are presented for approval to City Council. The approval includes financing mechanism and required matching funds.

Upon notice of grant award City Council approves budget and formal acceptance.

The Finance Department works with the initiating department for proper reporting and program monitoring.



Budget Policies and Procedures

Role of the Budget

The budget provides the annual financial plan for the management of the City's affairs. The document compiles the financial data needed to support River Rouge's comprehensive decision making/policy development process. This Budget is based on the City Council Goals, the Capital Improvements needs, and the City's financial policies, past City Council direction, and Mayor and departmental review of operations.

Budget Strategy

The current financial plan is based upon Council direction and current revenue constraints. These factors govern the stewardship of public funds and reflect the following principles:

- Basic services will be maintained at least at current levels and will be funded adequately.
- Program costs will reflect a true picture of the cost of operations. Depreciation will not be included in program costs (except in the enterprise funds) and some City-wide expenses will be separated from program expenditures for ease of administration.
- Program services will be provided in the most efficient method while meeting the needs of the public.
- Necessary infrastructure improvements will be undertaken to meet needs.
- Revenue will be estimated at realistic levels.
- Reserves will be programmed at appropriate levels to protect the City from future uncertainties.
- The budget will comply with provisions of the State Constitution, City Charter, Municipal Code and sound fiscal policy.

Balanced Operating Budget

A balanced budget is a basic budgetary constraint intended to ensure that the City does not spend beyond its means. The City must function within the limits of the financial resources available and under normal circumstances, requires commitment to a balanced budget. The appropriated budget cannot exceed available resources, defined as revenues generated in the current period added to balances carried forward from prior years. Any deviation from a balanced operating budget requires disclosure when it occurs.



Impact of Capital Budget on the Operating Budget

As new policies and programs are approved, both the operating and capital budgets are impacted. For example, an increase in service levels approved as part of the operating budget would have long-term effects on the Capital Improvements Program. Conversely, a restrictive change to the use of long-term debt would slow capital programs.

Regardless of the difference between the operating and capital budgets, the two are interdependent. Budgetary policy states that all foreseeable operating costs related to capital projects be estimated and provided for as part of the review process associated with the Capital Improvements Program. In addition, departments are required to include costs associated with operating and maintaining capital projects that are requested for the upcoming year.

Budgetary Internal Controls

The annual adopted budget provides a basis of control over financial operations. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the approved budget. Activities of the General Fund and Special Revenue Funds are included in the annual approved budget. The level of budgetary control (that is the level at which expenditures cannot exceed the appropriated amount) is established by function for the General Fund and at the fund level for the Special Revenue Funds.

Independent Audit

State statutes and the City Charter require an annual audit of all accounts of the City by certified public accountants selected by the City Council. UHY, LLP has fulfilled this requirement. The auditor's report is included in the City's Annual Financial Report with supplemental information and is available to the public.

Budget Process

The City's annual budget covers a twelve-month period beginning July 1 and ending June 30. The budget is an ongoing process that includes phases of development, adoption, implementation and oversight throughout the year.



Several goals are associated with the preparation and development of the City's annual budget document. First, the budget is a policy document. The document should help foster comprehensive community problem-solving and policy making. Second, the budget is a financial plan and management tool. The document should help staff in monitoring revenue and expenditures and in evaluating the effectiveness of City programs and services. Third, the budget serves as an important reference document. It should provide the City Council, the public and staff with extensive information on the nature and scope of municipal operations and services.

Building the Recommended Budget

Under the direction of the Mayor, and with the assistance of the City Assessor and other Department Heads and staff, the Finance Director prepares an initial projection of revenue for the next fiscal year. This projection is based on reasonable assumptions of revenue generated by estimated property values and current user fees, and the best available information from the State of Michigan.

Spending priorities are based on the City's financial policies and mandated requirements, and focus on maintaining services, covering insurance and bond requirements, and the balancing of labor, supplies, and equipment.

Mayor Review

The Mayor makes the final adjustments and works with the Finance Director and staff to prepare the draft of the Proposed Budget.

City Council Adoption

After receiving the Proposed Budget, a public hearing is conducted to assure that all persons and organizations are provided an opportunity to be heard. The City Council then makes its revisions and adopts the budget for the next fiscal year no later than June 30.

Budget Amendment Process

After the budget is adopted, the primary responsibility for managing it falls to the individual departments. The Finance Department reviews the monthly budget reports concurrently with the departments. Management flexibility is given to each department of exceeding a line item within a function if it can be compensated for within that same function.

If a function must be adjusted, a formal budget amendment must be requested. The Finance Department prepares a formal budget amendment which is presented to the City Council along with a report on the status of the contingency balance for approval.



Long-Range Financial Plan – Multi-Year Budget 2021-2023

The City of River Rouge has recognized the need for planning to provide quality services to its residents. The City has prepared a three-year budget, going beyond the requirement for adoption of an annual budget. The multi-year budget is prepared using projections based on the best information/data available at the time. The research includes obtaining data from the County and State of Michigan. This future outlook allows the City to plan rather than react to anticipated financial conditions.

General Fund

General Fund

The General Fund is used to account for all financial resources traditionally associated with City government, except those required to be accounted for in another fund. The General Fund includes police, fire, mayor, building inspection, senior and recreation services, public works, assessing, and internal services such as legal and finance among others. The two primary sources of revenue for this fund are general property taxes and state shared revenue. In addition, the General Fund also receives revenue from licenses and permits, grants, fines and forfeitures and interest on investments.



GENERAL FUND

	ACTUAL 2018-19	ESTIMATED 2019-20	BUDGET 2020-21	PROJECTED	
				2021-22	2022-23
ESTIMATED REVENUES					
PROPERTY TAXES	\$ 5,224,074	\$ 3,837,447	\$ 3,645,600	\$ 3,463,400	\$ 3,394,200
CHARGES FOR SERVICES	980,431	945,000	980,000	985,000	990,000
LICENSES AND PERMITS	446,211	408,000	450,000	460,000	470,000
FEDERAL GRANTS	13,043	11,000	12,000	12,000	12,000
STATE SOURCES	4,655,483	5,270,429	5,275,000	5,400,000	5,475,000
OTHER REVENUE	393,158	350,000	325,000	335,000	345,000
FINES AND FORFEITURES	542,675	535,000	660,000	670,000	680,000
INVESTMENT INCOME	96,908	52,171	38,758	31,613	21,213
TOTAL ESTIMATED REVENUES	\$ 12,351,983	\$ 11,409,047	\$ 11,386,358	\$ 11,357,013	\$ 11,387,413
APPROPRIATIONS					
LEGISLATIVE	\$ 83,966	\$ 83,430	\$ 83,450	\$ 83,450	\$ 83,450
DISTRICT COURT	438,491	447,000	435,000	440,000	445,000
MAYOR	326,050	413,840	309,840	315,000	325,000
ELECTIONS	20,708	16,425	16,500	16,500	16,500
FINANCE	117,400	132,000	112,000	112,000	112,000
ASSESSOR	118,176	110,000	105,000	110,000	115,000
LEGAL	693,115	692,000	690,000	625,000	575,000
CITY CLERK	150,975	223,410	154,000	158,000	160,000
PURCHASING	16,948	21,025	18,000	19,000	20,000
TREASURER	103,491	114,400	115,000	118,000	121,000
BUILDING AND GROUNDS	242,571	278,000	268,000	250,000	260,000



GENERAL FUND					
	ACTUAL 2018-19	ESTIMATED 2019-20	BUDGET 2020-21	PROJECTED	
				2021-22	2022-23
APPROPRIATIONS (CONTINUED)					
POLICE	\$ 2,261,825	\$ 2,503,339	\$ 2,350,000	\$ 2,375,000	\$ 2,400,000
FIRE	909,906	1,073,600	925,000	940,000	950,000
INSPECTIONS	149,193	161,625	165,425	170,000	175,000
ANIMAL CONTROL	72,881	94,225	85,225	87,000	90,000
PUBLIC WORKS	634,460	685,000	650,000	625,000	615,000
STREET LIGHTING	238,387	275,000	250,000	254,000	258,000
HOME PURCHASE	348,715	320,000	237,000	210,000	210,000
SENIOR CENTER	55,422	59,000	59,000	60,000	60,000
COMMUNITY PROMOTION	120,967	123,255	126,655	128,000	131,000
RECREATION	164,993	347,000	145,000	145,000	145,000
EMPLOYEE FRINGE BENEFITS	3,136,499	3,275,155	3,225,000	3,250,000	3,250,000
INSURANCE	414,268	421,390	415,000	420,000	425,000
ECONOMIC DEVELOPMENT	50,093	50,000	50,000	50,000	50,000
DEBT SERVICE	402,734	392,042	396,263	396,063	395,463
TOTAL APPROPRIATIONS	\$ 11,272,234	\$ 12,312,161	\$ 11,386,358	\$ 11,357,013	\$ 11,387,413
OTHER FINANCING SOURCES (USES)					
OPERATING TRANSFER OUT	\$ -	\$ (176,635)	\$ -	\$ -	\$ -
TOTAL OTHER FINANCING SOURCES	\$ -	\$ (176,635)	\$ -	\$ -	\$ -
NET REVENUE, APPROPRIATIONS AND OTHER FINANCING SOURCES	\$ 1,079,749	\$ (1,079,749)	\$ -	\$ -	\$ -
BEGINNING FUND BALANCE	1,230,621	2,310,370	1,230,621	1,230,621	1,230,621
ENDING FUND BALANCE	\$ 2,310,370	\$ 1,230,621	\$ 1,230,621	\$ 1,230,621	\$ 1,230,621



Special Revenue Funds

Major Street Fund

The Major Street Fund's purpose is to account for expenditures associated with the construction and maintenance needs of the Major Street portion (as defined by State Act 51) of the City's street network. Of the 27.44 total centerline miles that make up the City of Novi road network, the City has 8.60 centerline miles of Major streets. Financing is primarily provided by the City's share of State gas and weight taxes.

MAJOR STREETS FUND					
	ACTUAL 2018-19	ESTIMATED 2019-20	BUDGET 2020-21	PROJECTED	
				2021-22	2022-23
ESTIMATED REVENUES					
STATE SOURCES	\$ 601,551	\$ 555,760	\$ 610,900	\$ 635,350	\$ 660,750
OTHER REVENUE	1,655	1,700	1,700	1,725	1,750
INVESTMENT INCOME	5,534	1,032	500	500	500
TOTAL ESTIMATED REVENUES	\$ 608,740	\$ 558,492	\$ 613,100	\$ 637,575	\$ 663,000
APPROPRIATIONS					
PUBLIC WORKS	\$ 369,062	\$ 448,835	\$ 274,009	\$ 297,655	\$ 322,478
DEBT SERVICE	15,187	216,342	214,091	214,920	215,522
TOTAL APPROPRIATIONS	\$ 384,249	\$ 665,177	\$ 488,100	\$ 512,575	\$ 538,000
OTHER FINANCING SOURCES (USES)					
OPERATING TRANSFER OUT	\$ (155,000)	\$ (125,000)	\$ (125,000)	\$ (125,000)	\$ (125,000)
TOTAL OTHER FINANCING SOURCES	\$ (155,000)	\$ (125,000)	\$ (125,000)	\$ (125,000)	\$ (125,000)
NET REVENUE, APPROPRIATIONS AND OTHER FINANCING SOURCES	\$ 69,491	\$ (231,685)	\$ -	\$ -	\$ -
BEGINNING FUND BALANCE	162,194	231,685	-	-	-
ENDING FUND BALANCE	\$ 231,685	\$ -	\$ -	\$ -	\$ -



Local Street Fund

The Local Street Fund's purpose is to account for expenditures associated with the construction and maintenance needs of the City's 18.84 centerline miles of Local Streets. Financing is provided by the City's share of State gas and weight taxes and transfers from other funds.

LOCAL STREETS FUND					
	ACTUAL 2018-19	ESTIMATED 2019-20	BUDGET 2020-21	PROJECTED	
				2021-22	2022-23
ESTIMATED REVENUES					
STATE SOURCES	\$ 230,447	\$ 212,469	\$ 234,000	\$ 243,400	\$ 253,100
INVESTMENT INCOME	201	800	200	200	200
TOTAL ESTIMATED REVENUES	\$ 230,648	\$ 213,269	\$ 234,200	\$ 243,600	\$ 253,300
APPROPRIATIONS					
PUBLIC WORKS	\$ 321,238	\$ 361,193	\$ 243,920	\$ 252,874	\$ 262,250
DEBT SERVICE	28,204	116,492	115,280	115,726	116,050
TOTAL APPROPRIATIONS	\$ 349,442	\$ 477,685	\$ 359,200	\$ 368,600	\$ 378,300
OTHER FINANCING SOURCES (USES)					
OPERATING TRANSFER IN	\$ 155,000	\$ 125,000	\$ 125,000	\$ 125,000	\$ 125,000
TOTAL OTHER FINANCING SOURCES	\$ 155,000	\$ 125,000	\$ 125,000	\$ 125,000	\$ 125,000
NET REVENUE, APPROPRIATIONS AND OTHER FINANCING SOURCES	\$ 36,206	\$ (139,416)	\$ -	\$ -	\$ -
BEGINNING FUND BALANCE	103,210	139,416	-	-	-
ENDING FUND BALANCE	\$ 139,416	\$ -	\$ -	\$ -	\$ -



Pension Levy Fund

The Pension Levy Fund is used to collect the court ordered property tax judgment levy and pay all or part of the previous year's required actuarially calculated pension contributions for both the General Employees and Police and Fire Retirement Systems.

PENSION LEVY FUND					
	ACTUAL 2018-19	ESTIMATED 2019-20	BUDGET 2020-21	PROJECTED	
				2021-22	2022-23
ESTIMATED REVENUES					
PROPERTY TAXES	\$ 2,214,575	\$ 1,437,135	\$ 1,621,074	\$ 1,649,686	\$ 1,646,000
STATE SOURCES	1,962,081	1,485,595	1,485,600	1,500,000	1,550,000
INVESTMENT INCOME	9,799	16,680	4,000	4,000	4,000
TOTAL ESTIMATED REVENUES	\$ 4,186,455	\$ 2,939,410	\$ 3,110,674	\$ 3,153,686	\$ 3,200,000
APPROPRIATIONS					
GENERAL GOVERNMENT	\$ 1,067,202	\$ 870,389	\$ 709,978	\$ 575,605	\$ 550,000
PUBLIC SAFETY	2,822,837	2,489,021	2,400,696	2,578,081	2,650,000
TOTAL APPROPRIATIONS	\$ 3,890,039	\$ 3,359,410	\$ 3,110,674	\$ 3,153,686	\$ 3,200,000
NET OF REVENUE/APPROPRIATIONS	\$ 296,416	\$ (420,000)	\$ -	\$ -	\$ -
BEGINNING FUND BALANCE	666,118	962,534	542,534	542,534	542,534
ENDING FUND BALANCE	\$ 962,534	\$ 542,534	\$ 542,534	\$ 542,534	\$ 542,534



Refuse Fund

The Refuse Fund records the activity related to the City trash collection program. Financing for the annual service is provided by a dedicated property tax millage.

REFUSE FUND					
	ACTUAL 2018-19	ESTIMATED 2019-20	BUDGET 2020-21	PROJECTED	
				2021-22	2022-23
ESTIMATED REVENUES					
PROPERTY TAXES	\$ 607,291	\$ 440,237	\$ 418,225	\$ 397,314	\$ 389,368
STATE SOURCES	514,720	731,780	731,000	725,000	720,000
INVESTMENT INCOME	18,665	18,220	18,000	18,000	18,000
TOTAL ESTIMATED REVENUES	\$ 1,140,676	\$ 1,190,237	\$ 1,167,225	\$ 1,140,314	\$ 1,127,368
APPROPRIATIONS					
PUBLIC WORKS	\$ 880,222	\$ 914,130	\$ 941,550	\$ 969,800	\$ 998,900
DEBT SERVICE	29,607	29,607	12,240	-	-
TOTAL APPROPRIATIONS	\$ 909,829	\$ 943,737	\$ 953,790	\$ 969,800	\$ 998,900
NET REVENUE, APPROPRIATIONS AND OTHER FINANCING SOURCES	\$ 230,847	\$ 246,500	\$ 213,435	\$ 170,514	\$ 128,468
BEGINNING FUND BALANCE	857,546	1,088,393	1,334,893	1,548,328	1,718,842
ENDING FUND BALANCE	\$ 1,088,393	\$ 1,334,893	\$ 1,548,328	\$ 1,718,842	\$ 1,847,310



Grant Fund

This fund records federal grant monies passed through to the City from Wayne County along with funds from SMART to run the City's senior bus services.

GRANT FUND					
	ACTUAL 2018-19	ESTIMATED 2019-20	BUDGET 2020-21	PROJECTED	
				2021-22	2022-23
ESTIMATED REVENUES					
FEDERAL GRANTS	\$ 30,800	\$ 299,546	\$ 175,000	\$ 175,000	\$ 175,000
STATE SOURCES	14,914	33,000	25,000	25,000	25,000
OTHER REVENUE	-	14,000	-	-	-
TOTAL ESTIMATED REVENUES	\$ 45,714	\$ 346,546	\$ 200,000	\$ 200,000	\$ 200,000
APPROPRIATIONS					
COMMUNITY & ECONOMIC DEVELOP	\$ 268,193	164,000	200,000	200,000	200,000
TOTAL APPROPRIATIONS	\$ 268,193	\$ 164,000	\$ 200,000	\$ 200,000	\$ 200,000
OTHER FINANCING SOURCES (USES)					
OPERATING TRANSFER IN	\$ -	\$ 154,100	\$ -	\$ -	\$ -
TOTAL OTHER FINANCING SOURCES	\$ -	\$ 154,100	\$ -	\$ -	\$ -
NET REVENUE, APPROPRIATIONS AND OTHER FINANCING SOURCES	\$ (222,479)	\$ 336,646	\$ -	\$ -	\$ -
BEGINNING FUND BALANCE	(114,167)	(336,646)	-	-	-
ENDING FUND BALANCE	\$ (336,646)	\$ -	\$ -	\$ -	\$ -



Drug Law Enforcement Fund

This fund records all receipts and expenditures relating to Federal, State, Local and OWI, forfeited and legally restricted, funds relating to narcotic trafficking, money laundering, State laws and ordinances.

DRUG LAW ENFORCEMENT FUND					
	ACTUAL 2018-19	ESTIMATED 2019-20	BUDGET 2020-21	PROJECTED	
				2021-22	2022-23
ESTIMATED REVENUES					
FEDERAL GRANTS	\$ 4,664	\$ 20,500	\$ 20,500	\$ 20,500	\$ 20,500
STATE SOURCES	3,097	-	-	-	-
INVESTMENT INCOME	650	10	-	-	-
OTHER REVENUE	17,100	700	500	500	500
TOTAL ESTIMATED REVENUES	\$ 25,511	\$ 21,210	\$ 21,000	\$ 21,000	\$ 21,000
APPROPRIATIONS					
PUBLIC SAFETY	\$ 185,515	\$ 27,818	\$ 21,000	\$ 21,000	\$ 21,000
TOTAL APPROPRIATIONS	\$ 185,515	\$ 27,818	\$ 21,000	\$ 21,000	\$ 21,000
NET OF REVENUE/APPROPRIATIONS	\$ (160,004)	\$ (6,608)	\$ -	\$ -	\$ -
BEGINNING FUND BALANCE	166,612	6,608	-	-	-
ENDING FUND BALANCE	\$ 6,608	\$ -	\$ -	\$ -	\$ -



Library Fund

The River Rouge Public Library provides the resources and programs to support the educational, cultural, informational and recreational needs of its diverse community. The Library supports intellectual freedom and access to information resources for all, while maintaining the privacy of its patrons and providing a safe and secure environment. The Library is funded primarily from property taxes.

LIBRARY FUND					
	ACTUAL 2018-19	ESTIMATED 2019-20	BUDGET 2020-21	PROJECTED	
				2021-22	2022-23
ESTIMATED REVENUES					
PROPERTY TAXES	\$ 162,569	\$ 119,446	\$ 113,474	\$ 107,800	\$ 105,644
STATE SOURCES	153,410	214,285	215,000	210,000	195,000
INVESTMENT INCOME	12,650	11,359	11,500	11,500	11,500
TOTAL ESTIMATED REVENUES	\$ 328,629	\$ 345,090	\$ 339,974	\$ 329,300	\$ 312,144
APPROPRIATIONS					
RECREATION AND CULTURE	\$ 221,445	\$ 285,090	\$ 260,974	\$ 267,800	\$ 275,944
TOTAL APPROPRIATIONS	\$ 221,445	\$ 285,090	\$ 260,974	\$ 267,800	\$ 275,944
NET OF REVENUE/APPROPRIATIONS	\$ 107,184	\$ 60,000	\$ 79,000	\$ 61,500	\$ 36,200
BEGINNING FUND BALANCE	633,889	741,073	801,073	880,073	941,573
ENDING FUND BALANCE	\$ 741,073	\$ 801,073	\$ 880,073	\$ 941,573	\$ 977,773



Capital Project Fund

Capital Improvement Fund

This fund is used to account for the construction or purchase of certain capital assets. The city self-funded previous projects and has elected to maintain this new fund to account for certain assets and their related contributions from city funds and outside agencies

CAPITAL IMPROVEMENT FUND					
	ACTUAL 2018-19	ESTIMATED 2019-20	BUDGET 2020-21	PROJECTED	
				2021-22	2022-23
ESTIMATED REVENUES					
FEDERAL GRANTS	\$ -	\$ 300,000	\$ -	\$ -	\$ -
STATE SOURCES	51,353	368,581	76,378	-	-
OTHER REVENUE	5,000	-	-	-	-
TOTAL ESTIMATED REVENUES	\$ 56,353	\$ 668,581	\$ 76,378	\$ -	\$ -
APPROPRIATIONS					
CAPITAL OUTLAY	\$ 129,740	486,037	76,378	-	-
TOTAL APPROPRIATIONS	\$ 129,740	\$ 486,037	\$ 76,378	\$ -	\$ -
OTHER FINANCING SOURCES (USES)					
OPERATING TRANSFER IN	-	22,535	-	-	-
TOTAL OTHER FINANCING SOURCES	\$ -	\$ 22,535	\$ -	\$ -	\$ -
NET REVENUE, APPROPRIATIONS AND OTHER FINANCING SOURCES	\$ (73,387)	\$ 205,079	\$ -	\$ -	\$ -
BEGINNING FUND BALANCE	(131,692)	(205,079)	-	-	-
ENDING FUND BALANCE	\$ (205,079)	\$ -	\$ -	\$ -	\$ -



Enterprise Fund

Water and Sewer Fund

The City of River Rouge takes pride in providing safe and efficient water distribution and sanitary sewage collection systems. The City purchases its water from the GLWA and is part of the Down River Sewage Disposal System for sewage. The City also owns and maintains a CSO basin. The City continues to take steps to further improve infrastructure on an annual basis.

WATER AND SEWER FUND					
	ACTUAL 2018-19	ESTIMATED 2019-20	BUDGET 2020-21	PROJECTED 2021-22	PROJECTED 2022-23
ESTIMATED REVENUES					
PROPERTY TAXES	\$ 161,397	92,208	100,000	100,000	100,000
STATE SOURCES	295,186	183,526	185,000	180,000	175,000
CHARGES FOR SERVICES	4,151,069	4,244,000	4,415,000	4,592,000	4,775,700
INVESTMENT INCOME	85,888	60,266	60,000	60,000	60,000
OTHER REVENUE	17,078	500	500	500	500
TOTAL ESTIMATED REVENUES	\$ 4,710,618	\$ 4,580,500	\$ 4,760,500	\$ 4,932,500	\$ 5,111,200
APPROPRIATIONS					
COST OF WATER	\$ 636,631	673,000	675,000	702,000	730,000
COST OF SEWAGE	772,298	1,028,820	1,070,000	1,112,800	1,157,300
OPERATING AND MAINTENANCE	1,544,086	2,194,105	1,893,455	1,978,655	2,059,855
DEPRECIATION	1,116,773	-	-	-	-
DEBT SERVICE	142,790	1,473,045	1,473,045	1,473,045	1,473,045
TOTAL APPROPRIATIONS	\$ 4,212,578	\$ 5,368,970	\$ 5,111,500	\$ 5,266,500	\$ 5,420,200
NET REVENUE, APPROPRIATIONS AND OTHER FINANCING SOURCES	\$ 498,040	\$ (788,470)	\$ (351,000)	\$ (334,000)	\$ (309,000)
BEGINNING NET POSITION	37,858,549	38,356,589	37,568,119	37,217,119	36,883,119
ENDING NET POSITION	\$ 38,356,589	\$ 37,568,119	\$ 37,217,119	\$ 36,883,119	\$ 36,574,119



Fiduciary Fund

Retiree Health Care Benefits Fund

The Retiree Health Care Benefits Fund accounts for medical benefits provided to retirees and are funded through contributions from the various funds of the City.

RETIREE HEALTHCARE BENEFIT FUND					
	ACTUAL 2018-19	ESTIMATED 2019-20	BUDGET 2020-21	PROJECTED	
				2021-22	2022-23
ESTIMATED REVENUES					
EMPLOYER CONTRIBUTIONS	\$ 825,000	\$ 300,000	\$ 300,000	\$ 200,000	\$ 100,000
INVESTMENT INCOME	710,547	450,000	450,000	500,000	550,000
TOTAL ESTIMATED REVENUES	\$ 1,535,547	\$ 750,000	\$ 750,000	\$ 700,000	\$ 650,000
APPROPRIATIONS					
CONSULTING FEES	\$ 48,419	\$ 60,000	\$ 60,000	\$ 70,000	\$ 80,000
TOTAL APPROPRIATIONS	\$ 48,419	\$ 60,000	\$ 60,000	\$ 70,000	\$ 80,000
NET OF REVENUE/APPROPRIATIONS	\$ 1,487,128	\$ 690,000	\$ 690,000	\$ 630,000	\$ 570,000
BEGINNING FUND BALANCE	9,677,888	11,165,016	11,855,016	12,545,016	13,175,016
ENDING FUND BALANCE	\$ 11,165,016	\$ 11,855,016	\$ 12,545,016	\$ 13,175,016	\$ 13,745,016



Fund Balance

Fund Balance is the difference between assets and liabilities in a governmental fund. The governmental funds account for the City's bread-and-butter, are typically tax-supported activities of a government (as opposed to enterprise funds, which are self-supporting, business-like activities), and include the following:

- General Fund – where a government accounts for everything not reported in another fund
- Special Revenue Funds – for reporting specific sources that are limited to being used for a particular purpose
- Capital Project Funds – which track the accumulation and use of resources for construction, acquiring, and rehabilitating capital assets (such as buildings and roads)

GASB 54

GASB Statement No. 54 creates five components of fund balance, though not every government or governmental fund will report all components. This approach is intended to provide users consistent and understandable information about a fund's net resources. The five components are:

Nonspendable Fund Balance

**cannot be spent (legally restricted or in unspendable form)*

- Amounts that cannot be spent due to form; for example, inventories and prepaid amounts. Also, long-term loan and notes receivables, and property held for resale would be reported here unless the proceeds are restricted, committed or assigned.
- Amounts that must be maintained intact legally or contractually (corpus or principal of a permanent fund)

Restricted Fund Balance

**externally imposed (law, creditor, bond covenant)*

- Amounts constrained for a specific purpose by external parties, constitutional provision or enabling legislation. This is the same definition used by GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, for restricted net assets.

Committed Fund Balance

**constraints approved by Council*

- Amounts constrained for a specific purpose by a government using its highest level of decision-making authority. It would require action by the same group to remove or change the constraints placed on the resources.
- Action to constrain resources must occur prior to year-end; however, the amount can be determined in the subsequent period.



Assigned Fund Balance

**constrained by intent by City Council, or by the Mayor, or by a body/person to which City Council designates the authority*

- For all governmental funds other than the general fund, any remaining positive amounts not classified as nonspendable, restricted or committed.
- For the general fund, amounts constrained for the intent to be used for a specific purpose by a governing board or a body or official that has been delegated authority to assign amounts. Amount reported as assigned should not result in a deficit in unassigned fund balance.

Unassigned Fund Balance

**available to spend, unrestricted*

- For the general fund, amounts not classified as nonspendable, restricted, committed or assigned. The general fund is the only fund that would report a positive amount in unassigned fund balance.
- For all governmental funds other than the general fund, amount expended in excess of resources that are nonspendable, restricted, committed or assigned (a residual deficit). In determining a residual deficit, no amount should be reported as assigned.

Resolution of Adoption 2020 Millage Rates

WHEREAS, the City Council has agreed to increase the City’s total millage rate from last year’s 24.0184 to 24.0804 mills and

WHEREAS, that these levies are being placed on a diversified tax base that has decreased slightly as anticipated in the financial plan, and

WHEREAS, a public hearing was held on June 16, 2020 on the 2020 millage rates and the 2020-2021 budget,

NOW, THEREFOR, BE IT RESOLVED, that to finance the level of services established in the 2020-2021 fiscal year, and to meet specific debt obligations of the City that the following millages are authorized to be spread:

General Operating	19.9340
Refuse	2.9901
Economic Development	0.3563
Library	<u>0.8000</u>
	<u>24.0804</u>

Resolution of Adoption Fiscal-Year 2020-2021 Budget and Acknowledging the Multi-Year Budget Including Projections of Future Fiscal-Years 2021-2022 and 2022-2023

WHEREAS, the Mayor has submitted a balance proposed budget for fiscal year 2020-2021 and

WHEREAS, the budget takes into consideration the City's multi-year budget and financial planning through fiscal year 2022-2023, and

WHEREAS, a public hearing was held on June 16, 2019 on the proposed 2020-2021 budget,

NOW, THEREFOR, BE IT RESOLVED, that the fiscal year 2020-2021 attached budget is adopted and that the City Council acknowledges the Multi-Year Budget, including projections of future-years 2021-2022 and 2022-2023 as part of this resolution.

2020 Tax Rate Request (This form must be completed and submitted on or before September 30, 2020)

Carefully read the instructions on page 2.

MILLAGE REQUEST REPORT TO COUNTY BOARD OF COMMISSIONERS

This form is issued under authority of MCL Sections 211.24e, 211.34 and 211.34d. Filing is mandatory; Penalty applies.

County(ies) Where the Local Government Unit Levies Taxes Wayne	2020 Taxable Value of ALL Properties in the Unit as of 5-26-2020 140,343,977
Local Government Unit Requesting Millage Levy City of River Rouge	For LOCAL School Districts: 2020 Taxable Value excluding Principal Residence, Qualified Agricultural, Qualified Forest, Industrial Personal and Commercial Personal Properties.

This form must be completed for each unit of government for which a property tax is levied. Penalty for non-filing is provided under MCL Sec 211.119. The following tax rates have been authorized for levy on the 2020 tax roll.

(1) Source	(2) Purpose of Millage	(3) Date of Election	(4) Original Millage Authorized by Election Charter, etc.	(5) ** 2019 Millage Rate Permanently Reduced by MCL 211.34d "Headlee"	(6) 2020 Current Year "Headlee" Millage Reduction Fraction	(7) 2020 Millage Rate Permanently Reduced by MCL 211.34d "Headlee"	(8) Sec. 211.34 Truth in Assessing or Equalization Millage Rollback Fraction	(9) Maximum Allowable Millage Levy *	(10) Millage Requested to be Levied July 1	(11) Millage Requested to be Levied Dec. 1	(12) Expiration Date of Millage Authorized
Charter	Operating	N/A	20.0000	19.9340	1.0000	19.9340	1.0000	19.9340	19.9340	N/A	N/A
Refuse	Operating	PA1917	3.0000	2.9901	1.0000	2.9901	1.0000	2.9901	2.9901	N/A	N/A
EDC	Econ Dev	PA359	4.0000	4.0000	1.0000	4.0000	1.0000	4.0000	0.3563	N/A	N/A
Library	Operating	PA164	0.8000	0.8000	1.0000	0.8000	1.0000	0.8000	0.8000	N/A	N/A

Prepared by **Carl Johnson** Telephone Number **(313) 842-4803** Title of Preparer **Finance Director** Date **06/15/2020**

CERTIFICATION: As the representatives for the local government unit named above, we certify that these requested tax levy rates have been reduced, if necessary to comply with the state constitution (Article 9, Section 31), and that the requested levy rates have also been reduced, if necessary, to comply with MCL Sections 211.24e, 211.34 and, for LOCAL school districts which levy a Supplemental (Hold Harmless) Millage, 380.1211(3).

<input checked="" type="checkbox"/> Clerk	Signature	Print Name	Date
<input type="checkbox"/> Secretary		Patricia Johnson	06/15/2020
<input checked="" type="checkbox"/> Chairperson	Signature	Print Name	Date
<input type="checkbox"/> President		Michael D. Bowdler	06/15/2020

* Under Truth in Taxation, MCL Section 211.24e, the governing body may decide to levy a rate which will not exceed the maximum authorized rate allowed in column 9. The requirements of MCL 211.24e must be met prior to levying an operating levy which is larger than the base tax rate but not larger than the rate in column 9.

** IMPORTANT: See instructions on page 2 regarding where to find the millage rate used in column (5).

Local School District Use Only. Complete if requesting millage to be levied. See STC Bulletin 2 of 2020 for instructions on completing this section.

Total School District Operating Rates to be Levied (HH/Supp and NH Oper ONLY)	Rate
For Principal Residence, Qualified Ag, Qualified Forest and Industrial Personal	
For Commercial Personal	
For all Other	