



# CITY OF LITCHFIELD

"COMMUNITY OF ECONOMIC EXCELLENCE"

221 Jonesville Street • Litchfield, Michigan 49252 • (517) 542-2921

May 11, 2020

Dear Mayor and City Council Members,

The City of Litchfield Administration is respectfully submitting the proposed 2020-2021 budget for all funds. The City Administration is pleased to provide for City Council consideration; a balanced budget for general fund, major street fund, local street fund, sewer fund, water fund, equipment fund, and Christmas decoration maintenance fund. For the swimming pool reconstruction fund, and solid waste collection fund, City Administration is proposing a budget that utilizes fund reserves.

The City Administration would like to thank the City Council Budget Committee members; Jessica Bills, O.R. Smith, and Andrew Reynolds, as well as the Department Heads for their thoughtful input in the preparation of this year's budget.

General Fund Conditions General Fund's main source of revenue is derived from advalorem taxes. The 2020-2021 fiscal year reflects advalorem taxes increasing approximately \$19,296 or 5.3%. Obligated expenses are projected to be within anticipated revenues without increasing property tax millage rates. The City Administration anticipates a 5% decrease in State of Michigan revenue sharing due to the Covid-19 pandemic of approximately \$7,068.

The City administration is presenting the following important points:

## General Fund

- Revenues exceed expenses by approximately \$103.
- Increase of property tax revenue of approximately \$19,296 or 5.3%.
- State shared revenues anticipated decrease of approximately \$7,068 or 5% due to the Covid-19 pandemic.
- Decrease in anticipated interest income of \$3,500 or 39%.
- Decrease in lease revenue on farm property of \$3,770 or 20.6% due to lease renegotiation.
- Continuous evaluation of operational functions to control expenses.
- Proposed ending cash balance on June 30, 2021 will be approximately six months operating expenses or 50%.
- No pay increases for city employees.
- Increase Fire Dept. contribution 2% per fire services contract.
- Continue reduction in pension liability by overfunding plan 7.88%.
- Increase in domestic violence contract of \$150.
- Repair a door and replace a door on old DPW building.

### Major Streets

- Revenues exceed expenses by approximately \$66,902.
- Act 51 street revenue anticipated decrease of \$6,950 or 5% due to the Covid-19 pandemic.
- No major street maintenance projects scheduled in FYE 2021.

### Local Streets

- Revenues exceed expenses by approximately \$3,464.
- Act 51 street revenue anticipated decrease of \$2,337 or 5% due to the Covid-19 pandemic.
- No local street maintenance projects scheduled in FYE 2021.

### Swimming Pool Reconstruction Fund

- Expenditures exceed revenue expectations by \$36,698 utilizing fund reserves intended for this project.

### Sewer Fund

- Revenues meet expenditure expectations with a financial supplement from TIFA of \$80,804.
- No sewer rate increase in FYE 2021.
- Year one of six year plan to update meter readers to cellular by purchasing and installing 100 encoders and endpoints per year (split with water fund).

### Water Fund

- Revenues meet expenditure expectations with a financial supplement from TIFA of \$103,196.
- No water rate increase in FYE 2021.
- Completion of water system asset management plan & reliability study.
- Water backflow management.
- Year one of six year plan to update meter readers to cellular by purchasing and installing 100 encoders and endpoints per year (split with sewer fund).
- Re-valving of wells #3 and #5.
- Full overhaul on pump and motor for well #6.
- 11<sup>th</sup> Year of Water Tower Maintenance Utility Service 10 Yr. Contract.

### Solid Waste Collection Fund

- Expenditures exceed revenue expectations by approximately \$11,158.
- No Increase in Solid Waste Collection Fees.
- Increase of 3% in garbage removal costs per contract with modern waste.

### Equipment Fund

- Revenues exceed expenses by approximately \$14,049.
- New camera and radar for new police car.
- Purchase of two rifles w/ scopes for police department.
- Extra lawn mower maintenance.
- Air compressor for department of public works.

We look forward to working with City Council, Staff, and Citizens in the final adoption of this document.

Respectfully submitted,

A handwritten signature in black ink that reads "Douglas K. Terry". The signature is written in a cursive style with a large, sweeping initial "D" and a long, horizontal stroke for the "K".

Douglas K. Terry  
City Manager