

City of Wayne
Status of City Finances
December 2015



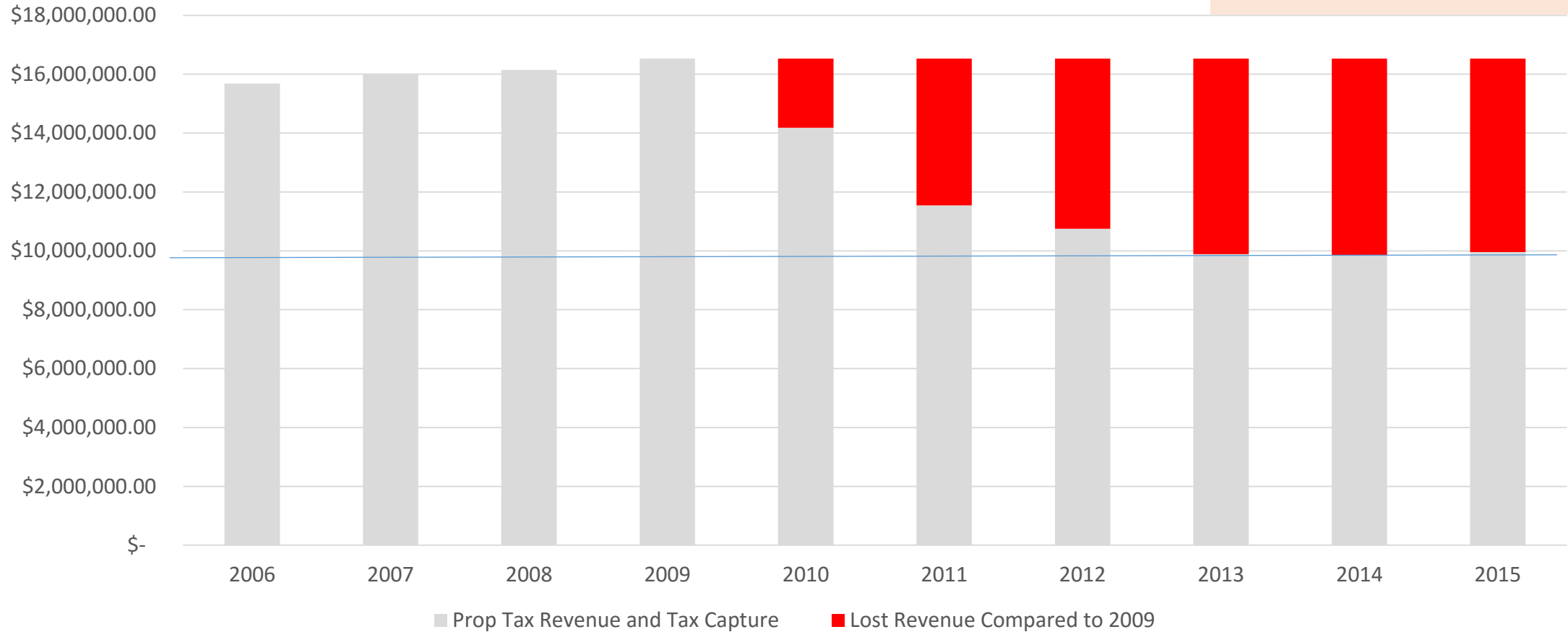
Today's agenda

1. Introduction
2. Wayne's financial history
 - How did we get here?
3. Where are we at now (6/30/2015)
4. 2016 budget
5. 2017, 2018 outlook

What are you going to do now?

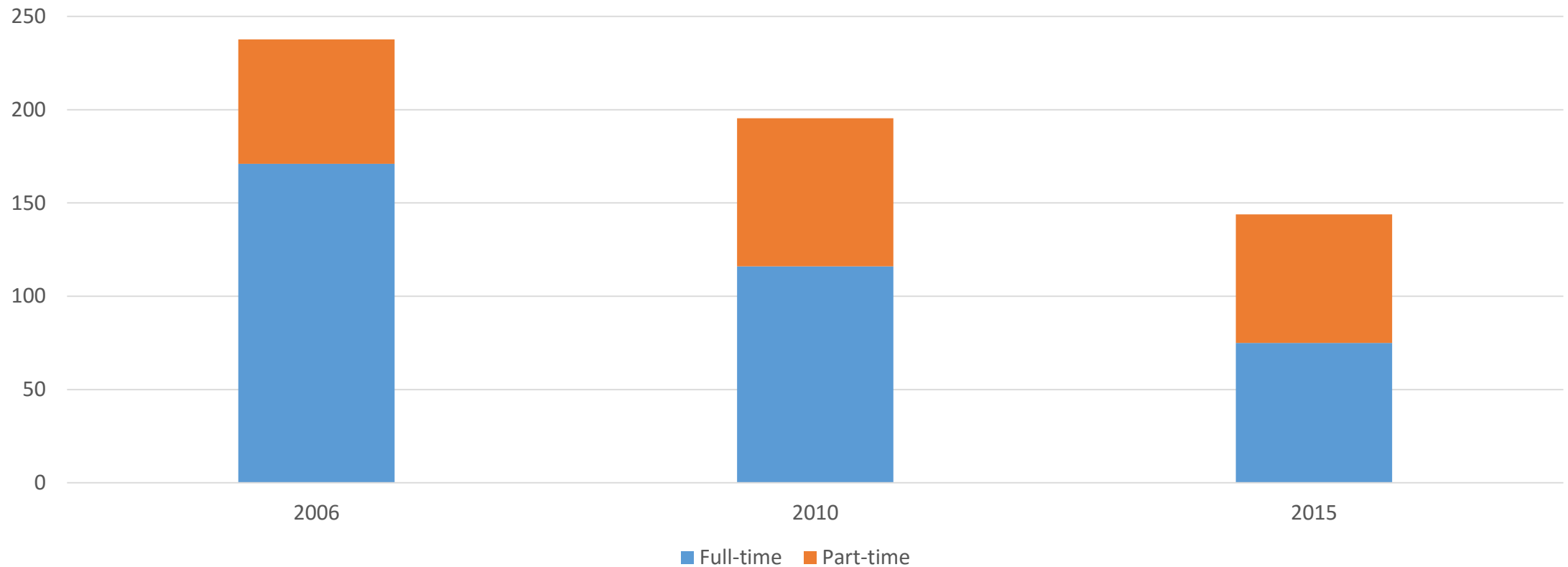
City of Wayne Property Tax Revenue and Tax Capture For the Year Ended June 30

The Great Recession hit Wayne hard. Lost tax revenue from 2010 to 2015 totaled over \$33 Million

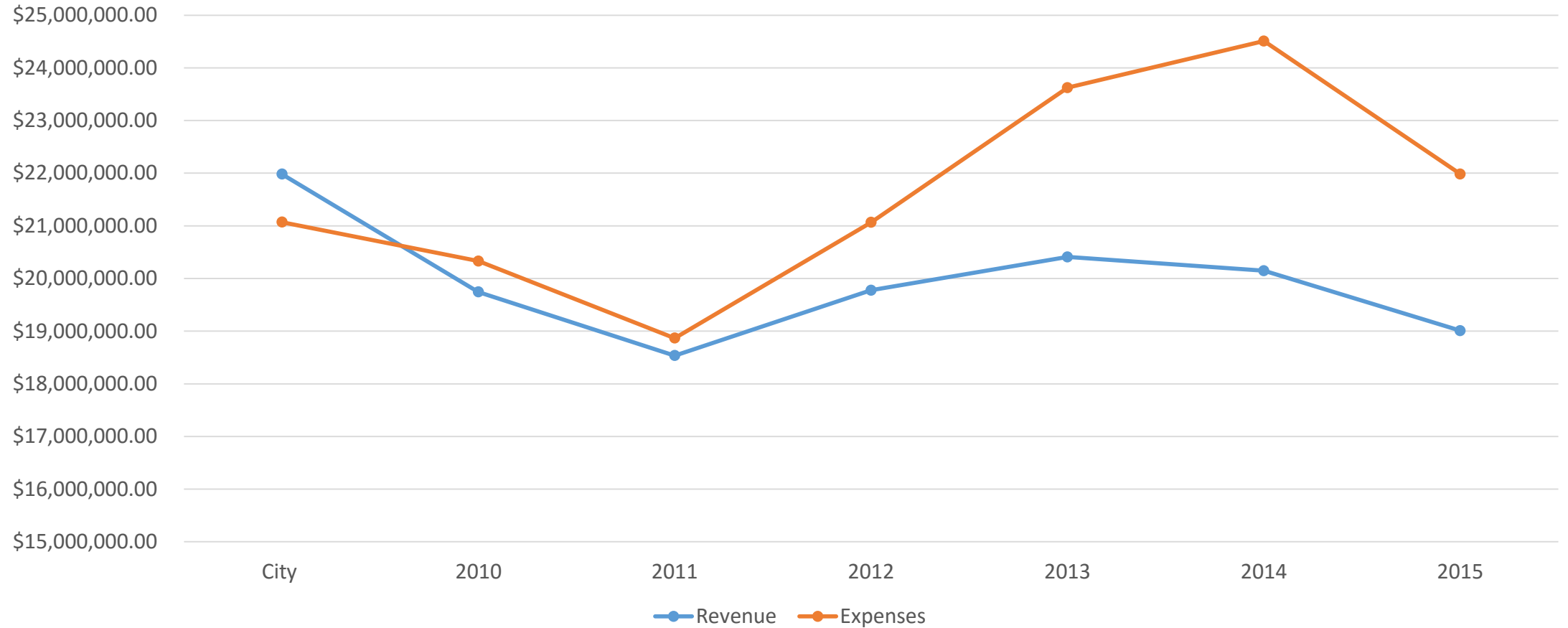


City of Wayne Full-Time Equivalents

Full-time equivalents (FTEs) have decreased 39% since 2006



City of Wayne Governmental Activities (full accrual) Years ended June 30



What is a “Structural Deficit”?

Definition: A budget deficit that results from a fundamental imbalance in government receipts and expenditures, as opposed to one based on one-off or short-term factors.

- City staff have been cut to below “bare bones”
- Fixed costs (pension, retiree health) continue to escalate rapidly
- No current ability to increase revenue significantly

City of Wayne structural deficit is **at least \$1.9M per year and growing!**

City of Wayne Consolidation of Funds

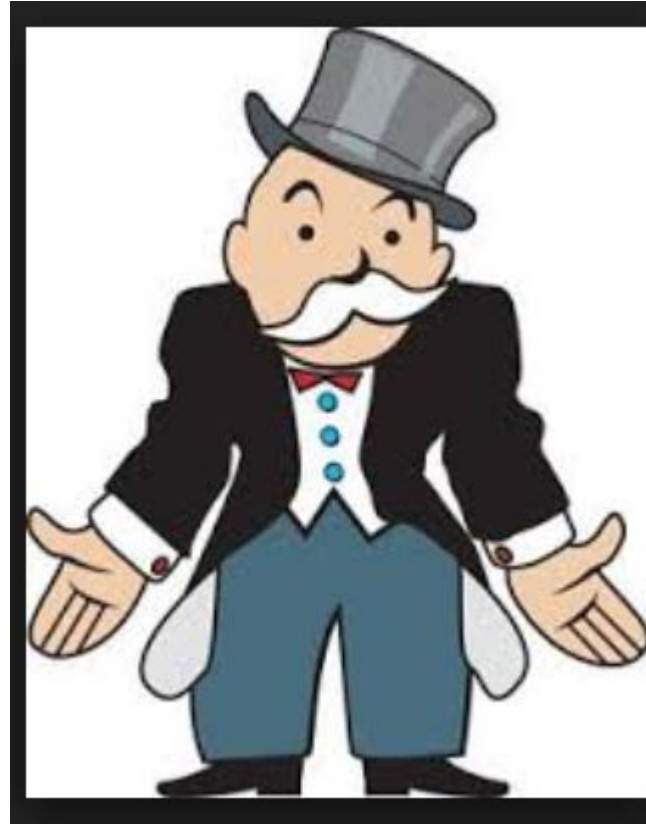
“I know there are more pots of money, right?”

- The following funds were closed effective June 30, 2015:

204 Road Program Fund	266 Federal Grants	661 Equipment Rental
235 Metro Act	301 General Debt Service	662 Internal Service Admin
236 PA 359 Advertising	401 Capital Projects	677 Risk Management
247 Public Improvement	569 Building Authority	678 Retired Lives Benefits
261 911 Services	643 DPW Services	

Residual balances, if any, were distributed to the appropriate fund (General, Water and Sewer, etc...)

The “Pots of Money” have been emptied



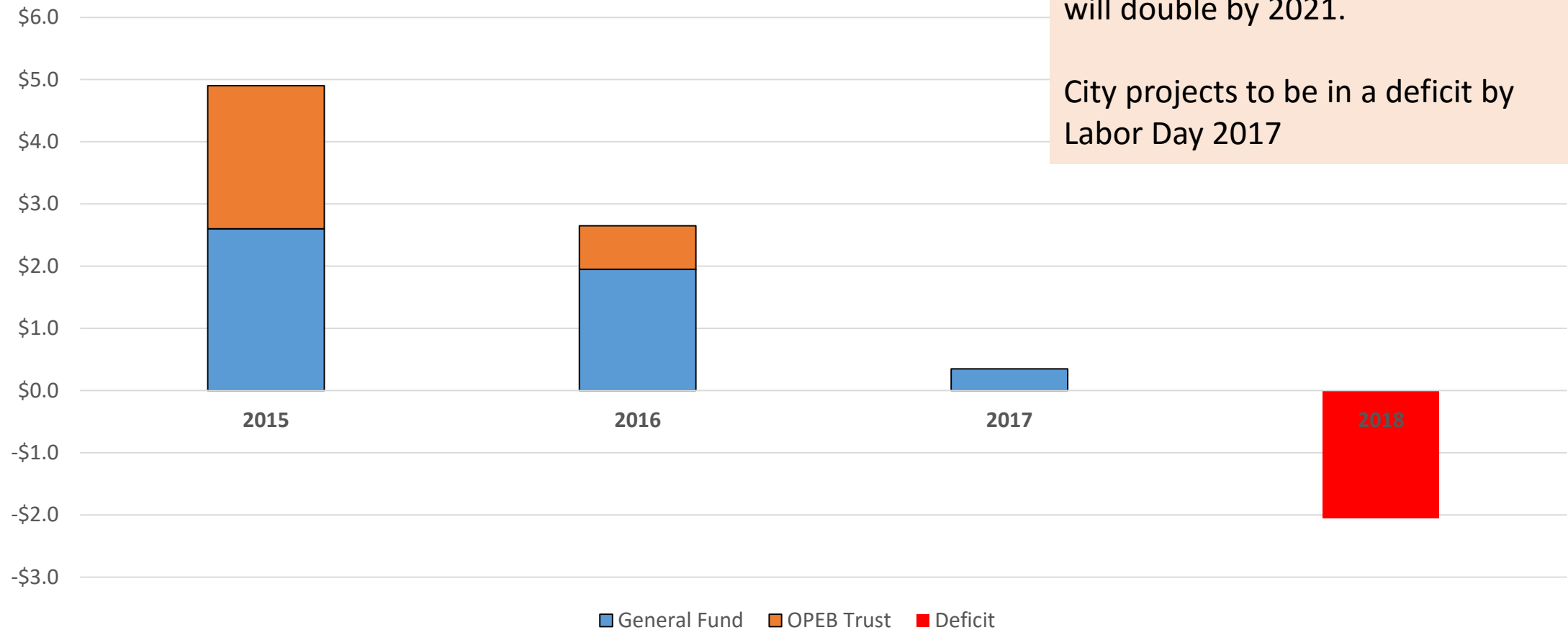
City of Wayne Fund Balance Projection

Year Ended June 30 (in millions)

2016 deficit is now \$2.25M with latest budget amendment.

New information from MERS projects City pension contribution will double by 2021.

City projects to be in a deficit by Labor Day 2017



Unfunded Legacy Costs

Legacy Cost	Unfunded Liability
Defined Benefit Pension (per 2015 audit)	\$37,235,031
Other Postemployment Benefits (Retiree Healthcare, per 2012 actuarial valuation)	<u>\$44,684,720</u>
Total unfunded legacy costs	\$81,919,751
Divide by number of City of Wayne residents (per 2010 census)	<u>17,593</u>
Unfunded Legacy Costs Per Capita	\$4,656

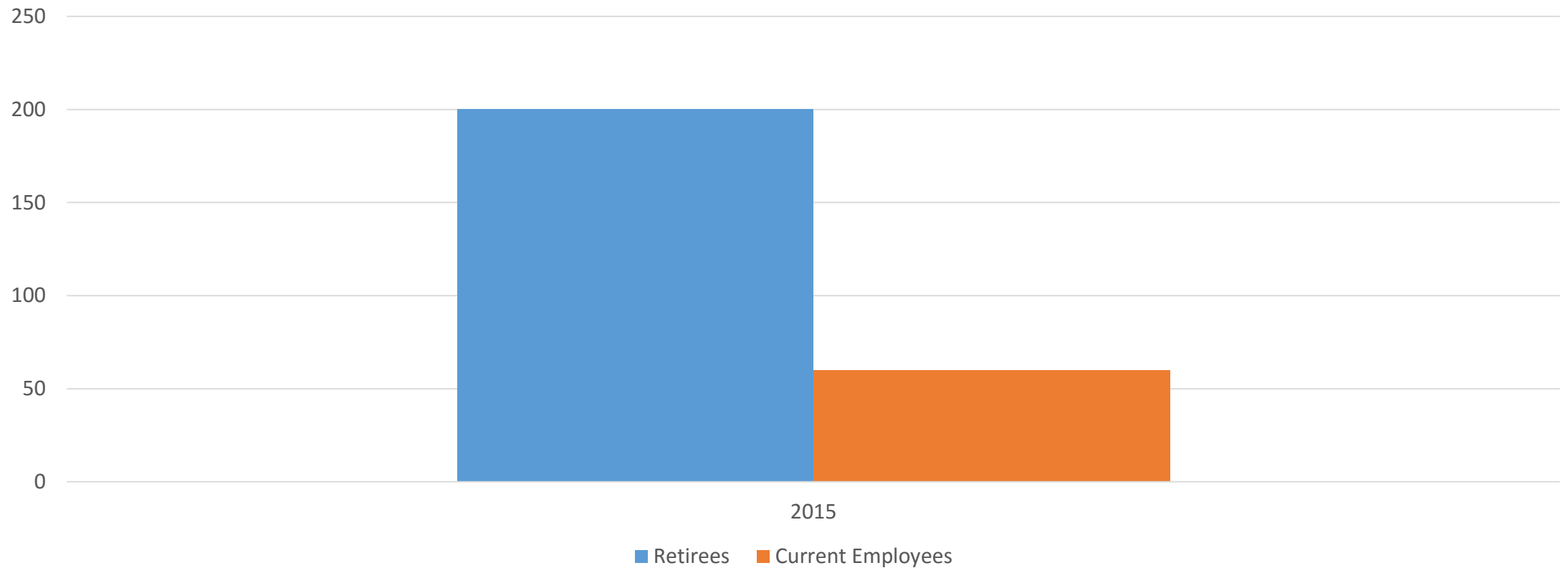
And, it's going to get worse....

Defined Benefit Annual Required Contribution per Municipal Employees' Retirement System of Michigan

YE June 30	Annual Required Contribution
2016	\$3.2M
2017	\$3.7M
2018	\$4.2M
2019	\$4.9M
2020	\$5.8M
2021	\$6.3M
2022	\$6.9M

City of Wayne Retirees/Current Employees

Retirees outnumber active employees by over 3 to 1

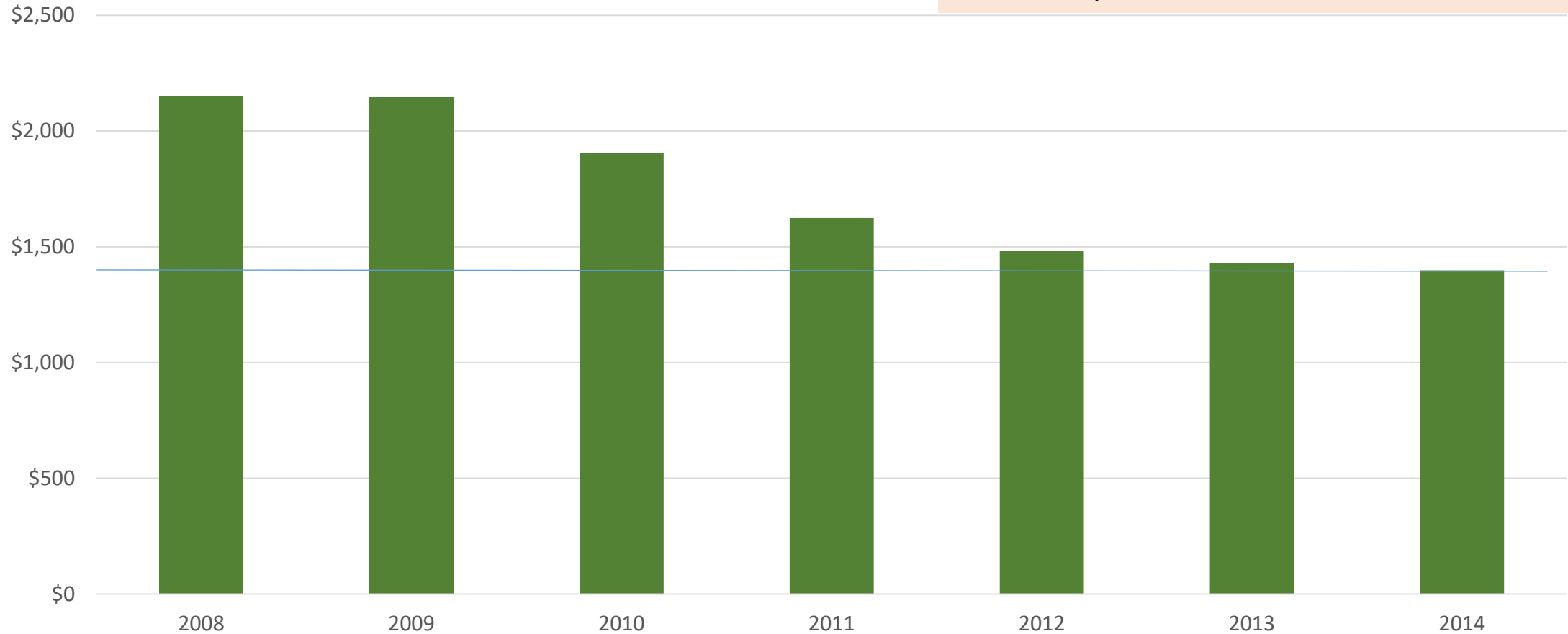


But... I pay my taxes!

City of Wayne Residential Property Tax Example #1 Property Taxes Paid

This house was worth \$92,500 in 2008 and paid \$2,152 in property taxes.

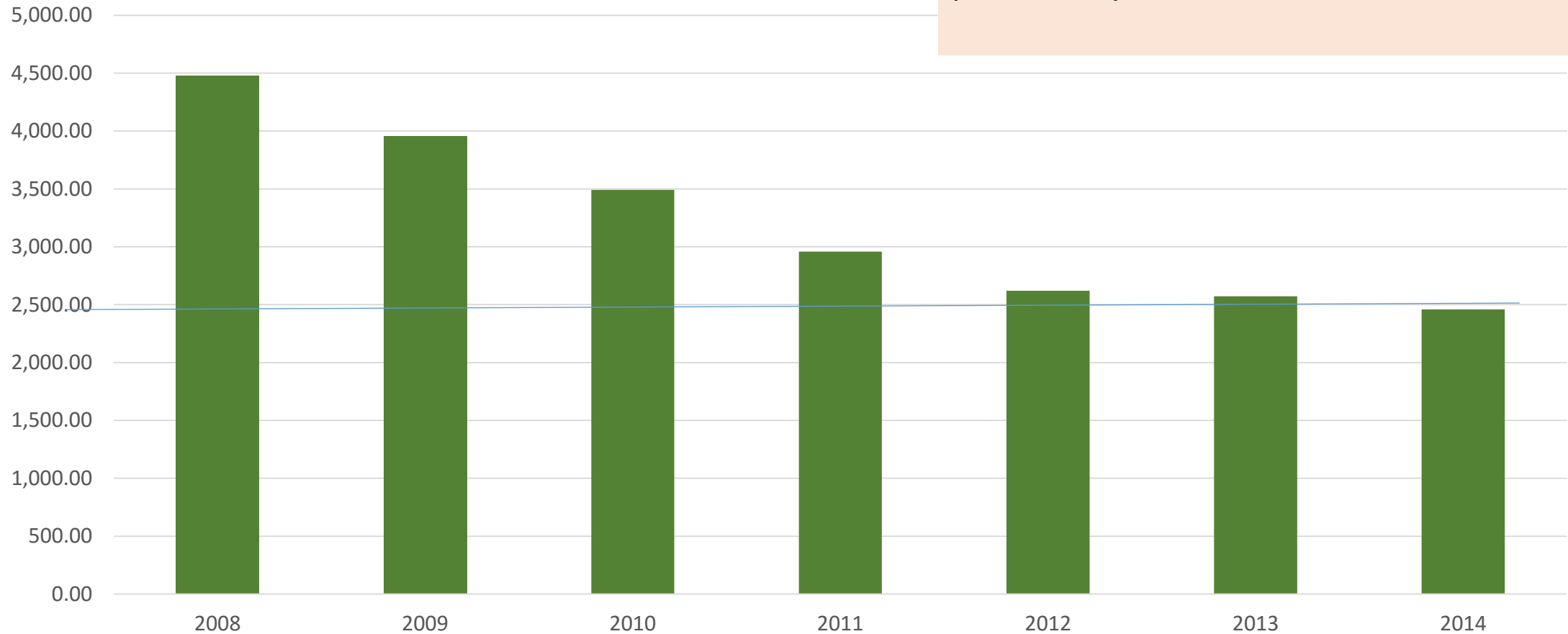
In 2014, it was worth \$50,000 and paid \$1,398 in property taxes. This is less than what was paid in 2008. 35% Decrease!



City of Wayne Residential Property Tax Example #2

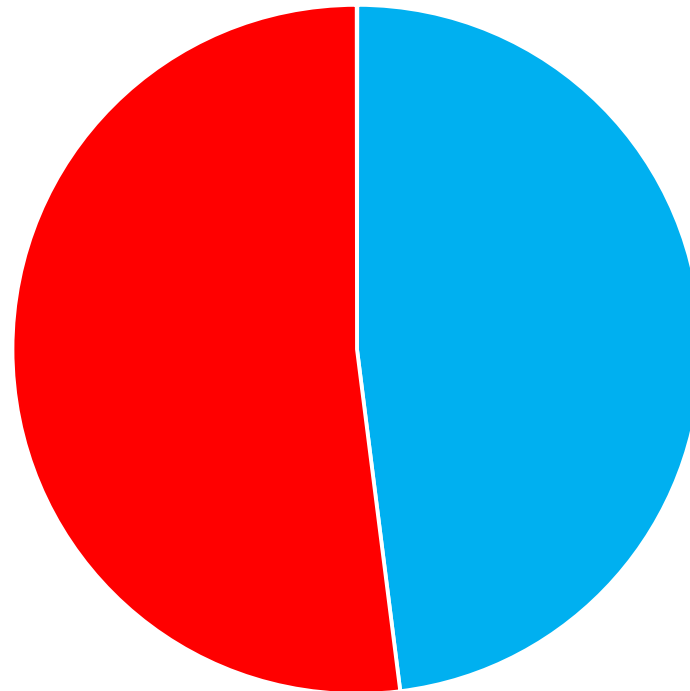
This house was worth \$192,440 in 2008 and paid \$4,475 in property taxes.

In 2014, it was worth \$90,000 and paid \$2,458 in property taxes. This is less than was paid in the year 2000. 45% Decrease!



City of Wayne Who Gets Your Property Taxes?

Homestead Millages



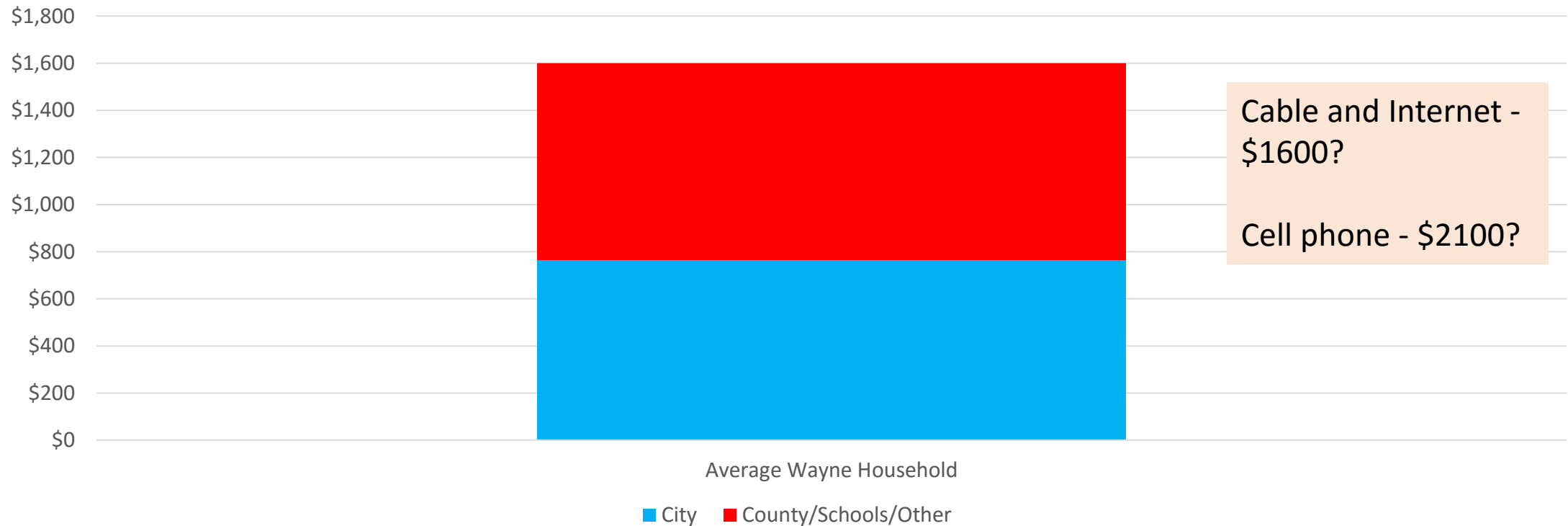
■ City ■ County/Schools/Other

For every dollar a resident of Wayne pays in taxes, only 48 cents goes to the City of Wayne.

City of Wayne

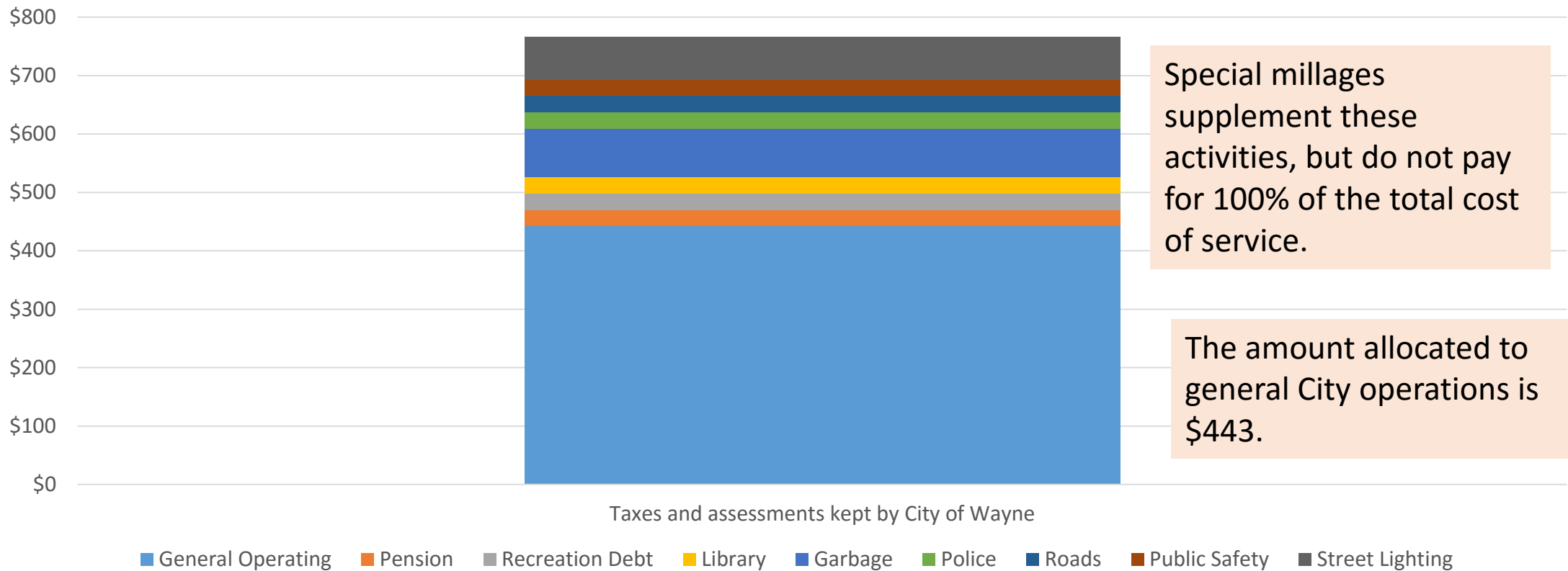
Who Gets Your Property Taxes?

Average Wayne Household pays \$1,600 annually in property taxes and assessments.
City of Wayne keeps \$766.



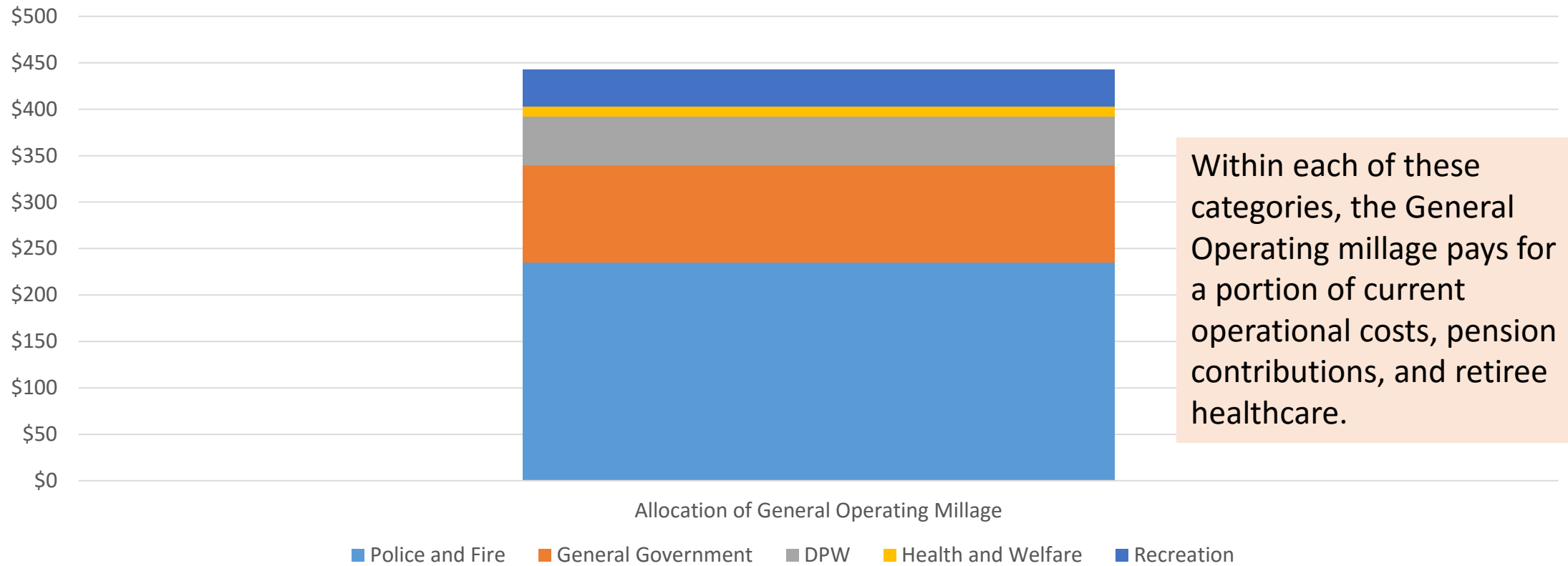
City of Wayne Property Taxes Paid to City

The \$766 per household kept by the City is allocated as follows:

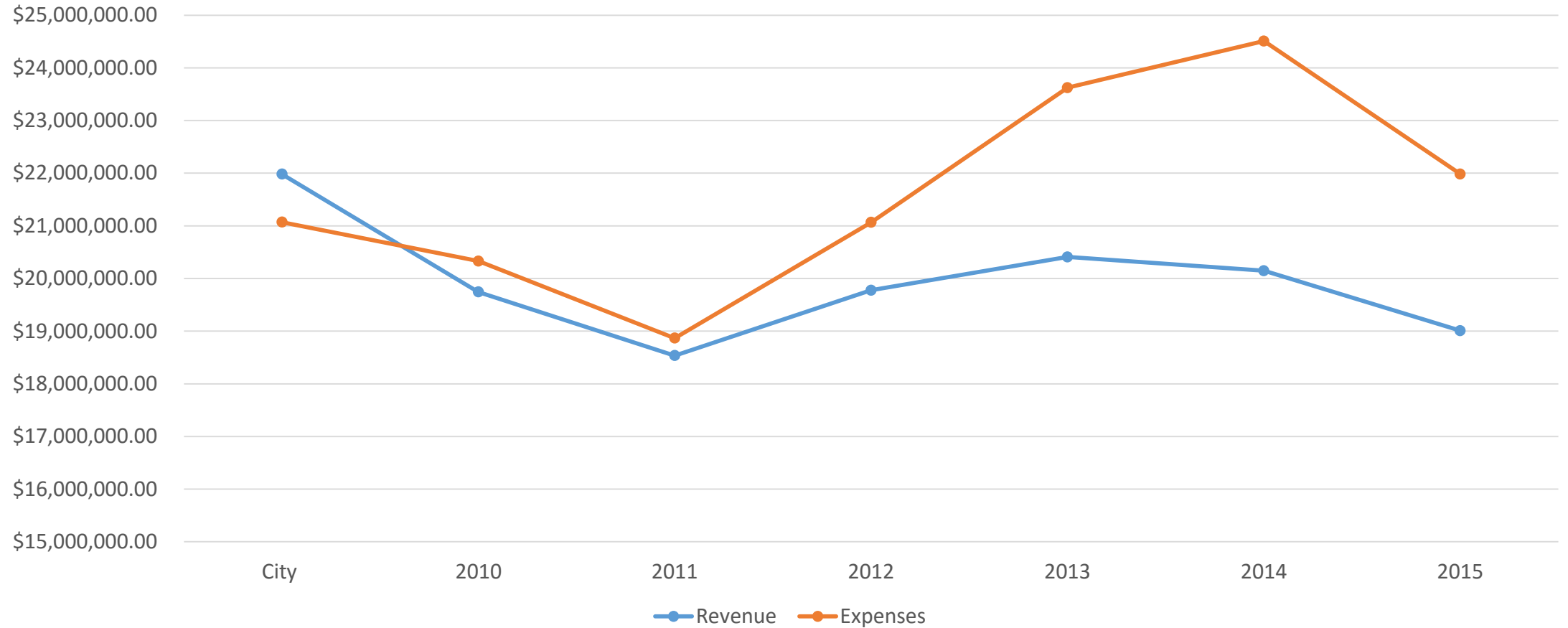


City of Wayne Allocation of General Operating Millage

The \$443 from the General Operating millage can be allocated as follows:



City of Wayne Governmental Activities (full accrual) Years ended June 30



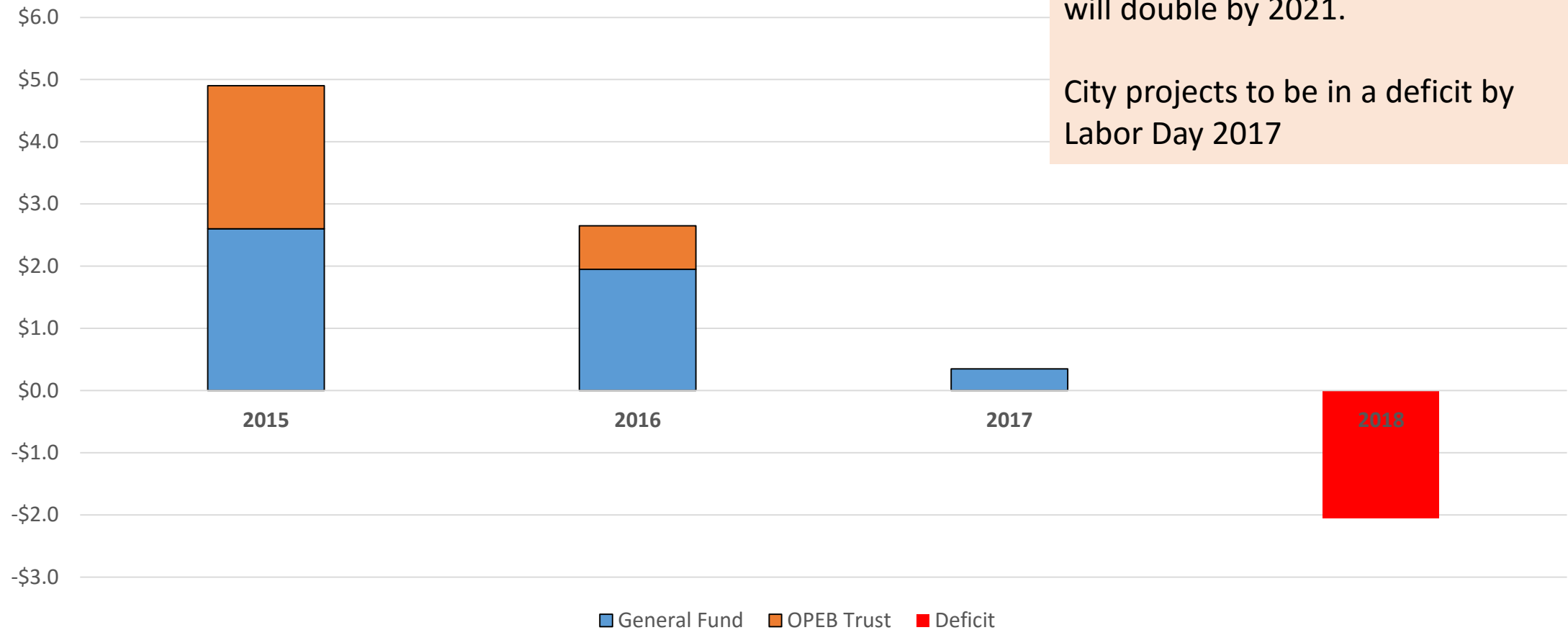
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City of Wayne

2016 and Beyond

Long-term solutions must start NOW!

- Already cut staff
- Vetoed PA 345 millage
- Outsourced recreation
- Modified healthcare January 1
- Increased W&S Rates
- What are you going to do now?

